

Viento Group Ltd  
(Subject to Deed of Company Arrangement)  
(ACN 000 714 054)

# Shareholder Booklet

## Recapitalisation Proposal

A notice of meeting is included in Appendix 1 to this Booklet. A Proxy Form for the meeting accompanies this Booklet.

An independent expert's report is included in Appendix 2.

The independent expert, Nexia Court Financial Solutions Pty Ltd, has concluded that the Recapitalisation Proposal is fair and reasonable to the Company's Shareholders.

**Your vote is important in determining whether the Recapitalisation Proposal proceeds. This is an important document and requires your urgent attention.**

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

# Important Notices

## General

You should read this Booklet in its entirety before making a decision on how to vote on the resolutions to be considered at the General Meeting. The notice convening the General Meeting is contained in Appendix 1. A proxy form for the meeting is enclosed.

## Defined terms

Capitalised terms in this Booklet are defined either in the Glossary in Section 6 of this Booklet or where the relevant term is first used.

References to **dollars** or **\$** are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Booklet are due to rounding.

## Purpose of this Booklet

The purpose of this Booklet is to:

- explain the terms and effect of the Recapitalisation Proposal; and
- provide such information as is prescribed by the Corporations Act.

## ASX

A copy of this Booklet has been lodged with ASX. None of ASX or any of their officers takes any responsibility for the contents of this Booklet.

## Input from other parties

Nexia Court Financial Solutions Pty Ltd (ABN 88 077 764 222) (**Independent Expert**) has prepared the Independent Expert's Report in relation to the Recapitalisation Proposal in **Appendix 2** and takes responsibility for that Appendix. The Independent Expert is not responsible for any other information contained within this Booklet. Shareholders are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Other than in respect of the information identified above, the information contained in the remainder of this Booklet has been prepared by the Company and is the responsibility of the Company. The Company does not assume responsibility for the accuracy or completeness of any other part of this Booklet and assumes responsibility only to the extent required by law.

## Administrator

The Deed Administrators have been appointed under the DOCA and have the authority to appoint the Directors who shall have the power to convene the General Meeting to give effect to the Recapitalisation Proposal. The Deed Administrators do not take any responsibility for the contents of this Booklet and the Directors assume all liabilities and obligations with respect to this Booklet.

## Investment decisions

This Booklet does not take into account the investment objectives, financial situation, tax position and requirements of any particular person. This Booklet should not be relied on as the sole basis for any investment decision in relation to Shares. Independent financial and taxation advice should be sought before making any decision in relation to the Recapitalisation Proposal. It is important that you read the entire Explanatory Memorandum before making any voting or investment decision. In particular, it is important that Shareholders consider the possible disadvantages of the Recapitalisation Proposal.

Shareholders should carefully consider these factors in light of their particular investment objectives, financial situation, tax position and requirements. If Shareholders are in any doubt on these matters, they should consult their legal, financial, taxation or other professional adviser before deciding how to vote on the Recapitalisation Proposal. Past performance is no indication of future performance.

## Forward looking statements

This Booklet includes certain prospective financial information which has been based on current expectations about future events. The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. The assumptions on which prospective financial information is based may prove to be correct or may be affected by matters not currently known to, or considered material by, the Company.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of the Company, the officers of the Company or any person named in this Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statement in this Booklet reflects views held only as at the date of this Booklet.

## Electronic document

This Booklet may be viewed online at [www.asx.com](http://www.asx.com). A paper copy of this Booklet will be provided free of charge to any person who requests a copy by contacting the Company.

## Important dates and times

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Date of this Booklet	24 May 2016
Time and date for determining eligibility to vote at the General Meeting	7:00 pm (Sydney time) on 21 June 2016
Last time and date by which the proxy form for the General Meeting can be lodged	11:00am (Sydney time) on 21 June 2016
General Meeting*	11:00 am (Sydney time) on 23 June 2016

\* The General Meeting will be held at Level 11, 153 Walker St, North Sydney, NSW 2060.

You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

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## Chairman's letter

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24 May 2016

Dear Shareholder,

On behalf of the Board, I am pleased to present you with a proposal to recapitalise Viento Group Ltd (Subject to Deed of Company Arrangement) (**Company**).

The proposal to recapitalise the Company is an essential step towards returning the Company's shares to quotation on the ASX and will extinguish all of the Company's debts.

In July 2015, Arowana Australasian Special Situations Fund 1 Pty Limited (**Arowana**) approached the Company's Deed Administrators with a proposal to recapitalise the Company, using the structure of a deed of company arrangement and creditors' trust. It is this recapitalisation proposal that is to be considered by Shareholders. The proposal provides for the consolidation of the existing Securities on a 1 for 2 basis and the issue of up to 350 million new Shares to raise approximately \$2 million (before costs) (**Recapitalisation Proposal**).

The Share issue, if approved, will result in a net cash injection of up to \$1.3 million (after recapitalisation and compliance costs). The remaining funds will be paid to a trust established for the benefit of creditors of the Company. All pre-administration debts will then be extinguished, leaving the Company debt free and able to start working towards readmission to the Official List. Up to 50% of the new Shares will be issued to entities associated with Arowana (**Arowana Related Entities**). As a result, following the Recapitalisation Proposal, Arowana and the Arowana Related Entities will have voting power of up to a maximum of approximately 44% in the Company. See Section 2 for details.

At the meeting, Shareholders will also be asked to consider resolutions to:

- (a) elect Kevin Chin and Conor Byrne, and re-elect myself and John Knights, as Directors (**Director Resolutions**); and
- (b) authorise the issue of up to a further 200 million Shares following completion of the Recapitalisation Proposal (**Post Recapitalisation Share Issue**).

Ms Georgina Varley will retire as a Director with effect from the close of the meeting. For the Recapitalisation Proposal to proceed, each of the Director Resolutions will need to be passed.

If the Recapitalisation Proposal is not approved, the DOCA will terminate and the Deed Administrators will call a further meeting of creditors to consider the options available. The Company does not currently have an alternative to the Proposed Recapitalisation. For this reason, it is likely that the Company would be liquidated and Shareholders will receive no return for their investment.

Completion of the transactions under the DOCA is subject to a number of conditions being satisfied or waived, including that the Company obtains Shareholder approval to the Recapitalisation Proposal. See Section 3.1 for details.

If the Recapitalisation Proposal is approved, it will be the Company's first step towards reinstatement of the quotation of the Company's securities on ASX. See Sections 2.4 and 5.2 for details.

The Independent Expert, Nexia Court Financial Solutions Pty Ltd (ABN 88 077 764 222), has concluded the Recapitalisation Proposal is fair and reasonable to Shareholders.

If you have any questions relating to the Independent Expert Report, the Explanatory Memorandum or the Resolutions, I encourage you to seek the advice of a stockbroker, legal or financial adviser.

I look forward to seeing you at the General Meeting on 23 June 2016.

Yours sincerely



**Michael Hui**  
Chairman  
Viento Group Ltd (Subject to Deed of Company Arrangement)

## 1. Recapitalisation Proposal

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### 1.1. Company's History/Background to the DOCA

On 22 April 2015, Messrs Richard Albarran, Brent Kijurina and Cameron Shaw of Hall Chadwick Chartered Accountants were appointed as joint and several voluntary administrators of the Company. The Company's securities have been suspended from quotation since this date.

At a meeting held on 18 June 2015, creditors resolved for the Company to execute a deed of company arrangement (**DOCA**). The Company entered into the DOCA on 9 July 2015. The DOCA appointed Messrs Richard Albarran, Brent Kijurina and Cameron Shaw of Hall Chadwick Chartered Accountants as deed administrators (**Deed Administrators**).

In accordance with the terms of the DOCA, following the DOCA's execution the Company sold its material business assets and shareholdings to third parties pursuant to respective agreements which formed part of the DOCA.

In July 2015, following the disposal of the Company's business assets and shareholdings, Arowana approached the Deed Administrators of the Company with the Recapitalisation Proposal, a proposal aimed at recapitalising the Company using the structure of a deed of company arrangement and creditors' trust. At a meeting convened on 24 July 2015, the Company's creditors resolved to vary the terms of the DOCA to accept Arowana's Recapitalisation Proposal.

The amended DOCA requires that an amount of \$600,000 be transferred by the Company to a Creditors' Trust to be available for the satisfaction of the claims of creditors of the Company and to meet the costs of the administration and the Deed Administrators.

These payments will be funded by an issue of 350 million Shares (the subject of Resolutions 6 and 7). This issue of 350 million Shares will also provide the Company with sufficient funds to meet its immediate operating costs and working capital requirements. The terms of the DOCA are summarised in Section 3.1.

### 1.2. Terms of the Recapitalisation Proposal

The essential terms of the Recapitalisation Proposal are as follows:

- (a) the consolidation of the Company's existing Shares and Options on a 1 for 2 basis (**Consolidation**);
- (b) following the Consolidation, the Company will issue:
  - (i) up to 100 million Shares at an issue price of \$0.001 per Share;
  - (ii) up to 100 million Shares at an issue price of \$0.005 per Share;
  - (iii) up to 50 million Shares at an issue price of \$0.008 per Share;
  - (iv) up to 100 million Shares at an issue price of \$0.010 per Share.

The above Share details are on a post-consolidation basis. The Post Recapitalisation Share Issue (the subject of Resolution 8) is not a term of the Recapitalisation Proposal.

### 1.3. Purpose and impact of the Recapitalisation and Post Recapitalisation Share Issue

If the Recapitalisation Proposal is approved:

- (a) the Company's current Shareholders will control approximately 12% of the Company's issued share capital (on an undiluted basis); and
- (b) after paying the creditors of the Company and certain costs associated with the Recapitalisation Proposal, the recapitalised Company will have up to \$1.3 million in cash available.

The Post Recapitalisation Share Issue, if approved, will raise up to a further \$2.0 million, providing the additional working capital required by the Company. Following this issue, the Company's current Shareholders will control approximately 8% of the Company's issued share capital (on an undiluted basis).

The purpose of the Recapitalisation and the Post Recapitalisation Share Issue are to restructure the Company's issued capital, improve its balance sheet and provide capital to meet operating expenses and working capital. See Sections 1.5, 2.4 and 2.6 for further details.

#### 1.4. Arowana

The amended DOCA was promoted by Arowana. Arowana is a member of a group of entities known as "Arowana & Co.". Arowana & Co is a diversified investment group with operating subsidiaries and investments across Australia, New Zealand and Asia in a range of industries.

Arowana & Co. is comprised of the following listed companies and their respective subsidiaries:

- (a) Arowana International Limited (ASX:AWN) - A\$63m market capitalisation;
- (b) Arowana Australasian Value Opportunities Fund Limited (ASX:AWQ) - A\$50m market capitalisation; and
- (c) Arowana, Inc. (NASDAQ:ARWA) - US\$108m market capitalisation<sup>1</sup>.

Arowana's team is a unique combination of highly experienced entrepreneurs as well as investment and operational professionals with strong track records and a "hands on" approach.

Arowana & Co. has experience in the recapitalisation of ASX-listed shells under administration. Most recently, in the period from January to June 2012, Arowana undertook the acquisition and recapitalisation of the ASX-listed and then-named Intelligent Solar Limited. This shell was renamed Arowana International Limited and was re-listed on the ASX in April 2013 following a public capital raising process that raised approximately \$40 million with an issue price of \$0.35 per share.

As at 19 May 2016, Arowana International Limited trades at \$0.40 having traded as high as \$0.75 in the past year.

#### 1.5. Purpose of the funds raised by the Recapitalisation Proposal and Post Recapitalisation Share Issue

At completion of the Recapitalisation Proposal the Company will have up to \$1.3 million in cash (after recapitalisation and compliance costs).

The Post Recapitalisation Share Issue will raise up to a further \$2.0 million.

It is proposed that the funds raised by the Recapitalisation Proposal and the Post Recapitalisation Share Issue will be applied as follows:

Anticipated use of funds	Cost
Payment to the Creditors' Trust under the DOCA	\$600,000
Accounting, audit and tax costs and other costs associated with the Recapitalisation Proposal	\$100,000
Accounting, audit and tax costs and other costs associated with Company's ongoing reporting requirements (including finalising the 2015 annual report and convening the 2016 annual general meeting)	\$100,000
ASX listing fees	\$25,000

<sup>1</sup> Market capitalisation figures for each Arowana entity calculated as at 10 May 2016.

Anticipated use of funds	Cost
Working capital #	\$3,175,000
<b>Total maximum funds raised</b>	<b>\$4,000,000</b>

**Notes:**

\* To the extent that any of these expenses have been paid by Arowana on behalf of the Company prior to completion of the Recapitalisation Proposal, these payments will be reimbursed to Arowana.

# See Section 2.4 for details of how the Company expects to use the working capital.

**1.6. Shareholder approvals**

For the Recapitalisation Proposal to proceed, Shareholder approval is required:

- under the Company's constitution, for the election of Mr Kevin Chin and Mr Conor Byrne, and the re-election of Mr Michael Hui and Mr John Knights as Directors;
- under section 254H of the Corporations Act for the consolidation of the Company's existing securities;
- under Item 7 of section 611 of the Corporations Act and Listing Rule 10.11 (in respect of Arowana Australasian Special Situations Trust 1A and Arowana Australasian Special Situations Trust 1B) for the issue of Shares to the Arowana Related Entities;
- Under Listing Rule 7.1 for the issue of Shares to Investors (other than the Arowana Related Entities) as a part of the Recapitalisation Proposal.

At the General Meeting, Shareholder approval will also be sought under Listing Rule 7.1 for the issue of up to a further 200,000,000 Shares to Investors to be identified by Arowana following the Recapitalisation. The Post Recapitalisation Share Issue does not form part of the Recapitalisation Proposal. Accordingly, the Recapitalisation Proposal may still proceed even if the Post Recapitalisation Share Issue is not approved (see Section 1.7 for further details).

All Resolutions require approval by a simple majority of votes (50% or more) cast by eligible Shareholders at the General Meeting.

For the full explanation of the nature, purpose and effect of the Resolutions and the voting restrictions applying to them, please refer to Section 5 of this Booklet.

**1.7. Recapitalisation Proposal Resolutions: inter-conditional**

Resolutions 1 to 7 (inclusive) are interdependent on each other. This means that each of these Resolutions needs to be passed for the approval sought in respect of the Recapitalisation Proposal to be effective. If any one of Resolution 1 to 7 (inclusive) is not passed, the Recapitalisation Proposal will not proceed.

However, Resolutions 1 to 7 (inclusive) are not interdependent with Resolution 8. Resolution 8 is conditional on all other Resolutions being passed. This means, although Resolution 8 does not need to be passed for the approval sought in respect of the Recapitalisation Proposal to be effective, Resolution 8 will only be put to the meeting if Resolutions 1 to 7 (inclusive) are approved.

**1.8. Implementation and timetable**

An indicative timetable for the Recapitalisation Proposal and the Post Recapitalisation Share Issue is set out below.

Event /Task	Date
General Meeting is held	23 June 2016
Last day for trading in pre-Consolidated Shares and Options	24 June 2016

Event /Task	Date
Holding statements for consolidated Shares and Options are despatched	29 June 2016
The Company issues 350 million Shares for the purpose of the Recapitalisation Proposal / All conditions precedents under the DOCA are satisfied	30 June 2016
DOCA is effectuated / Company exit administration	5 July 2016
Post Recapitalisation Share Issue occurs	By 1 August 2016

### 1.9. Independent Expert's Report

The Company engaged the Independent Expert to prepare an Independent Expert's Report expressing an opinion on whether or not the Recapitalisation Proposal is fair and reasonable to Shareholders. The Independent Expert concludes that the Proposed Recapitalisation is fair and reasonable to Shareholders.

The Independent Expert's Report is set out in Appendix 2 to this Booklet and you should read it as part of your assessment of the Recapitalisation Proposal.

### 1.10. What to do next

(a) *Read the remainder of this Booklet*

You should read and consider the remainder of this Booklet in full before making any decision on the Recapitalisation Proposal.

(b) *Consider your options*

Shareholders should refer to Section 2 of this Booklet for further guidance on the expected advantages and possible disadvantages of the Recapitalisation Proposal. However, this Booklet does not take into account the financial situation, investments objectives and particular needs of any particular Shareholder.

(c) *Vote at the General Meeting*

The Board urges all Shareholders to vote on all Resolutions at the General Meeting. The Recapitalisation Proposal affects your investment in the Company and your vote at the General Meeting is important in determining whether the Recapitalisation Proposal proceeds.

### 1.11. Summary of how to vote

(a) *General*

The General Meeting will be held at Level 11, 153 Walker St, North Sydney, NSW 2060, on 23 June 2016, commencing at 11:30am (Sydney time).

The notice convening the General Meeting is contained in Appendix 1 to this Booklet. Your vote at the General Meeting is important. If you are registered as a Shareholder by the Registry at the voting entitlement time (7.00 pm Sydney time, 21 June 2016), you will be entitled to vote at the General Meeting, subject to the voting restrictions and exclusions set out in the Notice of Meeting in Appendix 1 to this Booklet. These voting restrictions and exclusions are summarised in Section 5.6 of this Booklet.

(b) *Voting in person*

Shareholders wishing to vote in person should attend the General Meeting on 23 June 2016 and bring a suitable form of personal identification (such as a driver's licence).



Please arrive at the venue at least 15 minutes prior to the time designated for the commencement of the General Meeting (11:30am Sydney time), if possible, so that your Shareholding may be checked against the Shareholders register and attendance noted. Attorneys (see also paragraph (d) below) should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the General Meeting.

(c) *Voting by proxy*

Shareholders wishing to vote by proxy at the General Meeting must complete and sign or validly authenticate the personalised proxy form which is enclosed with this Booklet.

A person appointed as a proxy may be an individual or a body corporate. Completed proxy forms must be delivered to the Registry by 11:30am, 21 June 2016, in any of the following ways:

By post to the Registry:

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney, NSW, 2000

By hand delivery to the Registry at:

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney, NSW, 2000

By fax to the Registry on:

+61 (02) 9279 0664

Please note that proxies may not be returned by email nor is internet voting available.

(d) *Voting by attorney*

If a Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to their shareholding in the Company, that Shareholder must deliver the instrument appointing the attorney to the Registry for notation.

Shareholders wishing to vote by attorney at the General Meeting must, if they have not already presented an appropriate power of attorney to the Company for notation, deliver to the Registry (at the address or facsimile number specified above in this Section 1.11 of this Booklet) the original instrument appointing the attorney or a certified copy of it by 11:30am (Sydney time) on 21 June 2016.

(e) *Voting by corporate representative*

To vote in person at the General Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

To vote by corporate representative at the General Meeting, a corporate Shareholder or proxy should obtain a *Certificate of Appointment of Corporate Representative* form from the Registry, and complete and sign the form in accordance with the instructions on it. The appointment form should be lodged at the registration desk on the day of the General Meeting.

(f) *Further information*

Please refer to the Notice of General Meeting in Appendix 1 to this Booklet for further information on voting procedures and details of the Resolutions to be voted on at the General Meeting.

## **2. Relevant considerations for Shareholders**

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### **2.1. Introduction**

The purpose of this Section is to identify significant issues for Shareholders to consider in relation to the Recapitalisation Proposal. Before deciding how to vote at the General Meeting, Shareholders should carefully consider the factors discussed below, as well as the other information contained in this Booklet.

### **2.2. Why you should vote in favour of the Recapitalisation Proposal**

Reasons why Shareholders may decide to vote in favour of Recapitalisation Proposal include the following:

- The Recapitalisation Proposal would result in a net cash injection of up to \$1.3 million (after recapitalisation and compliance costs) into the Company and extinguishment of all liabilities.
- The Recapitalisation Proposal is a condition to the completion of the DOCA. Following completion of the DOCA the Company will be able to start working towards reinstatement of the Company's Shares on the ASX. See Section 5.2 for further details.
- The Arowana team led by the proposed and current Directors (Kevin Chin, Conor Byrne, Michael Hui and John Knights) have had significant experience in recapitalisation of companies and deploying investment capital for growth and expansion purposes. Arowana has particular experience in the successful recapitalisation of and expansion of ASX-Listed Companies. The team at Arowana has expertise in assessing the commercial viability of businesses, and has a contact base to leverage off in order to assist businesses and companies that it deems to have a chance of succeeding.
- The Independent Expert has concluded that the Recapitalisation Proposal is fair and reasonable to Shareholders.
- If the Recapitalisation Proposal does not proceed, the Company will most likely be liquidated and Shareholders will receive no cash for their Shares.

### **2.3. Why you may vote against the Recapitalisation Proposal**

Shareholders may decline to approve the Recapitalisation Proposal for a number of reasons. These may include the following:

- You may disagree with the Independent Expert's conclusion that the Recapitalisation Proposal is fair and reasonable to Shareholders.
- The Shares issued to the Arowana Related Entities and other Investors if the Recapitalisation Proposal is approved will significantly dilute Shares currently on issue. At completion of the Recapitalisation Proposal, existing Shareholders will control approximately 12% of the Shares on issue. If the Post Recapitalisation Share Issue is also approved and the Company issues a further 200 million Shares, existing Shareholders will control approximately 8% of the Shares then on issue.
- Although the Company may have up to \$3.175 million cash after completion of the Recapitalisation Proposal and the Post Recapitalisation Share Issue, it is likely that a further fund raising will be undertaken before the Company is reinstated to the Official List. Any further capital raising is likely to further dilute the interest of existing Shareholders in the Company. Also there can be no guarantee that the Company will be successful in being reinstated to the Official List.
- In accordance with the terms of the DOCA, the Company has sold its material assets and shareholdings. The Company will use funds raised by the Recapitalisation Proposal and the Post Recapitalisation Share Issue to fund a strategic review in relation to the Company's future. As of the date of this Booklet, the Company has not identified new investments to pursue

following the implementation of the Recapitalisation Proposal. In light of the current uncertainty, you may prefer for the Company to be placed into liquidation.

#### 2.4. Future of the Company's business

Prior to being placed into administration, the Company operated an integrated mining services business providing civil contracting services to the mining industry primarily in the Pilbara region of Western Australia.

In accordance with the terms of the DOCA, the Company has sold its material business assets and shareholdings to third parties (in accordance with various agreements which formed part of the DOCA). The Company's remaining business assets will be transferred to the Creditor's Trust at completion of the DOCA.

The Recapitalisation Proposal is directed at raising sufficient working capital for the Company to pursue business operations of the kind and size required for the Company to become reinstated to the Official List.

Following implementation of the Recapitalisation Proposal, the Company will commence a strategic review of the options and investment opportunities available to it. Until Completion of this strategic review, Shareholders will be unable to evaluate:

- (a) the manner in which the Company will invest following the Recapitalisation Proposal; and
- (b) the economic merits of any investments that the Company may make.

Furthermore, the time required to complete the strategic review and once complete, implement the identified strategy, is currently unknown. Extended delays in making investments after the Recapitalisation Proposal may adversely affect the financial performance of the Company and the value of an investment in the Company.

Once an investment opportunity has been identified, the Company will need to seek shareholder approval under Listing Rule 11.1.2, and may be subject to compliance with Listing Rule 11.1.3 which requires the preparation of a prospectus and satisfaction of the shareholder spread and other listing requirements of the Listing Rules. See Section 5.2 for further details.

The Company will keep Shareholders informed following the Recapitalisation.

#### 2.5. Impact on the Company's capital structure

As a means of rationalising the current number of Shares on issue, and to prepare the Company for reinstatement to the Official List, it is considered necessary to reduce the existing number of Shares on issue. If the Proposed Recapitalisation is approved, the Company's issued securities will be consolidated at a ratio of 1 for every 2 securities currently on issue. Following the Consolidation, the Company will issue up to 350 million Shares. In addition, following the Proposed Recapitalisation, the Company is seeking approval to issue a further 200 million Shares.

The below table summarises the impact that the Proposed Recapitalisation and Post Recapitalisation Share issue will have on the Company's share capital.

Holder	No of Shares		Voting Power	
	Minimum	Maximum	Min	Max
<b>Point in time: As at the date of this Booklet</b>				
Existing Shareholders (undiluted)	96,371,511 Shares	-	100%	
<b>Point in time: Completion of the Proposed Recapitalisation</b>				
Shares held by Existing	48,185,755 Shares	48,185,755 Shares	12%	12%

Holder	No of Shares		Voting Power	
	Minimum	Maximum	Min	Max
Shareholders <sup>1</sup>				
Shares held by Arowana Related Entities	125,000,000 Shares <sup>3</sup>	174,999,999 Shares <sup>2</sup>	31%	44%
Shares held by Investors (unrelated to Arowana or the Arowana Related Entities)	175,000,001 Shares	225,000,000 Shares <sup>3(b)</sup>	44%	57%
Total (Undiluted)	398,185,755 Shares	398,185,755 Shares	-	
<b>Point in time: Completion of the Post Recapitalisation Issue</b> <sup>4,5</sup>				
Shares held by Existing holders	48,185,755 Shares	48,185,755 Shares	8%	8%
Shares held by Arowana Related Entities	125,000,000 Shares <sup>3</sup>	174,999,999 Shares <sup>2</sup>	21%	29%
Shares held Investors (unrelated to Arowana or the Arowana Related Entities) and holders of New Shares	375,000,001 Shares <sup>3(b)</sup>	425,000,000 Shares	63%	71%
Total Share capital (Undiluted)	598,185,755 Shares	598,185,755 Shares	-	

**Notes:**

- Shares and options have been consolidated on a 1 for 2 basis. Assumes that none of the Company's Options are exercised after the date of this Booklet.
- Assumes that each Arowana Related Entity subscribes for 58,333,333 Shares and that Arowana and the Arowana Related Entities together acquire the maximum voting power contemplated by Resolution 6 (see Section 5.8).
- Assumes:
  - each Arowana Related Entity subscribes for 41,666,667 Shares and Arowana and the Arowana Related Entities together acquire the minimum voting power contemplated by Resolution 6 (see Section 5.8);
  - nominee Investors that are not Associates of Arowana or related parties of the Company are issued 49,999,999 Shares authorised by Resolution 6 and 175,000,000 Shares authorised by Resolution 7 (see Sections 5.8 and 5.9).
- Assumes 200 million Shares are issued under the Post Recapitalisation Share Issue.
- Assumes none of the existing Shareholders or Arowana Related Entities (or their Associates) participate in the Post Recapitalisation Share Issue.

**2.6. Pro forma balance sheet**

The expected effect of the Recapitalisation Proposal and the Post Recapitalisation Share Issue on the Company is illustrated in the pro forma balance sheet set out below. This pro forma balance sheet is based on the draft un-audited balance sheet for the Company for the year ended 30 June 2015.

The following pro forma balance sheet does not reflect the current position of the Company nor the anticipated position of the Company on completion of the Recapitalisation Proposal. In particular, it does not take account of any events that have occurred subsequent to 30 June 2015 except as expressly stated below.

This table is not a consolidated pro forma balance sheet prepared in accordance with the Corporations Act, the Corporations Regulations 2001, Accounting Standards or any other mandatory financial reporting requirements in Australia. It is provided only to illustrate the anticipated impact on the Company of completion of the Recapitalisation Proposal. The specific assumptions taken in preparing the tables are set out in the notes below the table.

**Illustrative unaudited pro forma consolidated balance sheet**

<b>\$'000</b>	<b>30 June 2015</b>	<b>Pro forma Recapitalisation Proposal</b>	<b>Pro forma Post Recapitalisation Issue</b>
<b>Current assets</b>			
Cash and cash equivalents	-	1,300	3,300
Trade and other receivables	-	-	-
Inventories	-	-	-
Financial assets	6	-	-
Other	-	-	-
<b>Total current assets</b>	<b>6</b>	<b>1,300</b>	<b>3,300</b>
<b>Non-current assets</b>			
Property, plant & equipment	-	-	-
Intangibles	-	-	-
Deferred tax asset	-	-	-
Financial assets	34	-	-
<b>Total non-current assets</b>	<b>34</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>40</b>	<b>1,300</b>	<b>3,300</b>
<b>Current liabilities</b>			
Trade and other payables	-	-	-
Provisions	-	-	-
Interest bearing liabilities	-	-	-
Related Party Creditors	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	-	-	-
Deferred tax liability	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>40</b>	<b>1,300</b>	<b>3,300</b>

**Notes:**

- The column headed "30 June 2015" is a summary consolidated balance sheet of the Company based on the unaudited draft balance sheet of the Company as at 30 June 2015. It has been prepared on the basis that all the trade assets of the Company and its controlled entities have been disposed of to the Deed Administrators on behalf of the creditors, and that the Administrators are responsible to settle the liabilities of the Company.
- The column headed "Pro forma Recapitalisation Proposal" has been prepared as if:
  - the Company had completed the issue of 350 million Shares to raise gross proceeds of \$2.0 million on 30 June 2015;
  - the Company had paid the sum of \$600,000 to the Creditors' Trust on 30 June 2015;
  - costs associated with the Recapitalisation Proposal of \$100,000 had been paid as at 30 June 2015;
  - the DOCA had been effectuated and all liabilities extinguished with effect from 30 June 2015.
- The column headed "Pro forma Post Recapitalisation Issue" is based on the "Pro forma Recapitalisation Proposal" and assumes that the Company had also completed the issue of 200 million Shares to raise gross proceeds of \$2.0 million on 30 June 2015.
- No taxation impacts of the Recapitalisation Proposal or Post Recapitalisation Share Issue have been taken into account in preparing the unaudited pro forma balance sheet.
- All amounts are \$A'000 unless otherwise stated.

### 3. Transaction Documents and Rights of Securities

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#### 3.1. Terms of the DOCA

The key terms of the DOCA are as follows:

- all parties having a claim against the Company are bound by the DOCA;
- on completion, all claims against the Company will be released and extinguished and all securities will be released;
- the Deed Administrators and the Company must enter into the Creditors' Trust Deed establishing the Creditors' Trust for and on behalf of the Creditors. The Deed Administrators will be the trustee of the Creditors' Trust;
- on completion, Arowana will be reimbursed for expenses incurred in relation to the preparation of documents relating to the Recapitalisation Proposal and other costs and expenses incurred in relation to the Company to hold and convene a Shareholders meeting for the purposes of the Recapitalisation Proposal (up to a maximum of \$100,000);
- following execution of the DOCA, the Company selling its material assets and shareholdings on the terms set out in specific agreements which formed part of the DOCA;
- at completion of the DOCA, the Company's only remaining assets being its books and records. The Company must transfer all other property and assets to the Deed Administrators as trustees of the Creditors' Trust;
- completion of the DOCA is conditional on a number of events, including:
  - o Arowana being satisfied that all claims against the Company will be extinguished on completion of the DOCA;
  - o all resolutions necessary to give effect to the Recapitalisation Proposal being passed at a meeting of Shareholders (including Arowana's nominees being appointed as directors of the Company);
  - o Arowana being satisfied that no deed of cross guarantee will operate with respect to, or impose any liability on, the Company after the termination of this Deed;
  - o the Company being released from any claims by secured Creditors (if any); and
  - o Arowana being satisfied that the Company's only remaining assets, its books and records, are unencumbered.

If Shareholders reject the Recapitalisation Proposal or any other condition of the DOCA is not satisfied or waived, the DOCA will terminate and the Deed Administrators will call a further meeting of creditors to consider the options available. It is likely the Company will then be placed into liquidation. If the Company is placed in liquidation then the value of Shares will be nil.

#### 3.2. Rights attaching to Shares

The Shares issued pursuant to the Recapitalisation Proposal will be fully paid ordinary shares and will have the same terms as, and rank equally with, all other Shares on issue from the date of issue. There will be no liability on the part of Shareholders for any calls.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's constitution and the Corporations Act. A copy of the constitution can be inspected during office hours at the registered office of the Company.

The detailed provisions relating to the rights attaching to Shares under the constitution and the Corporations Act are summarised below:

Each Share confers on its holder:

- (a) the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the constitution and the Corporations Act;
- (b) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (c) the right to receive dividends, according to the amount paid up or credited as paid on the Share;
- (d) the right to receive, in kind, the whole or any part of the Company's property in a winding up (with the consent of members by special resolution); and
- (e) subject to the Corporations Act, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

## **4. New Directors**

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### **4.1. Appointment of Directors**

On 5 November 2015 the board of the Company was reconfigured. Mr Michael Hui, Mr John Knights and Ms Georgina Varley were appointed as directors. Mr Michael Hui assumed the role of Chair of the Company.

At the General Meeting, Shareholders will be asked to re-elect two of these directors, Mr Michael Hui and Mr John Knights. Shareholders will also be asked to elect two new directors, Mr Kevin Chin and Mr Conor Byrne. Implementation of the Recapitalisation Proposal is conditional upon Shareholders electing these directors (passing Resolutions 1 – 4). If elected, Mr Kevin Chin will assume the role of Chair of the Company.

Information regarding each of the directors is set out below.

### **4.2. Kevin Chin**

Kevin will serve as a non executive director of the Company.

In 2007, Kevin founded Arowana & Co., an investment group headquartered in Australia with operations across Australia, New Zealand and SE Asia.

Kevin has extensive experience in “hands on” strategic and operational management having served as CEO, CFO and COO of various companies across a range of industries. He also has significant international experience in private equity, buyouts of public companies, mergers and acquisitions and capital raisings as well as funds management, accounting, litigation support and valuation.

Prior to founding Arowana & Co., Kevin led the management buyout of an ASX listed software business, SoftLaw Corporation (which was renamed to RuleBurst Haley Limited) in November 2004 and became its Chief Financial Officer (and for a period also its Chief Operating Officer). RuleBurst Haley was acquired by Oracle Corporation in November 2008.

Over his 22 year career, Kevin has also held a number of strategic and operational leadership roles and was also previously with Lowy Family Group, J.P. Morgan in Sydney and New York, Ord Minnett, PWC and Deloitte.

Kevin has a Bachelor of Commerce degree from the University of New South Wales where he was in the inaugural cohort of University Co-Op Scholars with the School of Banking and Finance. In addition, he holds a Postgraduate Diploma in Investment and Finance from the Financial Services Institute of Australia (FINSIA). Kevin is a qualified Chartered Accountant and a Fellow of FINSIA.

Kevin is currently a director of the ASX listed companies Arowana International Limited and Arowana Australasian Value Opportunities Fund Limited. He is also a director of Arowana Australasian Special Situations 1A Pty Limited ACN 169 611 723, as well as various entities associated with or managed by members of the Arowana group.

### **4.3. Conor Byrne**

Conor will serve as a non executive director of the Company.

Conor joined Arowana & Co. in 2015 as the Chief Financial Officer of Arowana International Limited.

He is an experienced company director, Chief Financial Officer and Chief Operating Officer with in-depth governance, operations and business support experience, both locally and internationally.

Prior to joining Arowana & Co., Conor led and managed the development of Treasury Group’s ‘Services Entity’ in 2003 setting up the IT and operating structure and establishing the services to new boutiques. He continued to hold an oversight role in this business as non-executive chairman of Treasury Group Investment Services Pty Limited.



Conor was also COO and Director of Investors Mutual Ltd, where he was responsible for all aspects of operating the business (other than stock selection) including Finance, Legal, Risk & Compliance, IT, Operations, RE, IDPS and other third party/supplier relationships. Prior to Investors Mutual Limited Conor held senior roles at Deloitte, UBS and Computershare.

Conor is a Fellow of the Institute of Chartered Accountants in Ireland (FCA), a member of Chartered Accountants Australia + New Zealand (CA) and a member of the Australian Institute of Company Directors (MAICD).

#### **4.4. Michael Hui**

Michael will serve as a non executive director of the Company.

Michael is a lawyer and business executive who joined Arowana & Co. as an Investment Director in 2011. At Arowana & Co., Michael is responsible for fund and investment structuring, sourcing and screening of investment opportunities, investment buy and sell/side execution, and capital raisings.

Prior to joining Arowana, Michael co-founded and was CEO of an online payments company, and spent over 10 years as a lawyer practising corporate and commercial law in his own firm, private practice and in-house.

Michael holds a Bachelor of Information Technology (Information Systems), Bachelor of Laws and a Graduate Diploma of Legal Practice from the Queensland University of Technology. Michael also holds a Diploma of Operations and Personnel Management and a Diploma of Government (Management) from the Royal Military College of Australia, and has completed an executive programme in corporate finance at the London Business School.

Michael is currently a director of Arowana Australasian Special Situations 1B Pty Limited ACN 169 611 741, as well as various entities associated with or managed by members of the Arowana group.

#### **4.5. John Knights**

John will serve as a non executive director of the Company.

John is currently a Capital Distribution Director at Arowana & Co. John has worked in corporate finance advisory for over 20 years. He commenced his career in merger and acquisitions at Macquarie Bank in 1992 before transferring in 1994 to the division of Macquarie Bank responsible for primary and secondary equity issuance, Macquarie Equity Capital Markets (MECM).

John has significant experience in listed equities, having spent 12 years with MECM where John was a Division Director responsible for the origination and execution of a number of large and medium size initial public offers, secondary placements, rights issues and sell downs. John worked across a range of industries including infrastructure, healthcare, resources, property and general industrial companies.

John worked briefly at Bell Potter Securities before joining Evans and Partners in 2008. At Evans and Partners, John was Head of Corporate Advisory and Head of Equity Capital Markets and had responsibility for a range of capital raisings for companies across various industries.

John has a Bachelor of Laws (Hons) and Bachelor of Commerce from Melbourne University.

## 5. Additional information

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### 5.1. No Trading data

The quantum of benefit to be received by current Shareholders if the Recapitalisation Proposal is approved at the General Meeting will depend in part on the price at which the underlying Shares may ultimately trade on ASX should the Company be successful in having its shares re-quoted on the ASX.

The Company has not traded on the ASX since it was suspended on 22 April 2015. As the Company shares are currently suspended from ASX, there is no readily available existing market price for the Company's Shares. See Section 6 the Independent Expert's Report for the Expert's conclusions as to fair value of Shares.

### 5.2. ASX Conditions to reinstatement to official quotation

The Company intends to apply, once it has satisfied all ASIC and ASX listing requirements, to have its Shares to be reinstated to official quotation. The Company's Shares have been suspended from quotation since the Company went into voluntary administration on 22 April 2015.

At a minimum, the Company expects that it will need to satisfy the following conditions precedent in order for its Shares to be reinstated to official quotation:

1. The Company demonstrating, to the satisfaction of ASX, that it has at least \$3 million of net tangible assets (**NTA**) and commitments to spend at least 50% of its cash held at the date of reinstatement on the core business of the Company. It is likely that the Company will need to conduct a future capital raising to satisfy this test. The Company notes that ASX has recently announced a proposal that would increase the NTA test from \$3 million to \$5 million. If the proposal is approved, ASX currently expects the new NTA test will come into effect on 1 September 2016.
2. The Company demonstrating, to the satisfaction of ASX, that it has sufficient shareholder spread. The capital raising referred to in the paragraph above would assist the Company to satisfy this requirement for re-quotation.
3. Lodgement of any outstanding reports since the Shares were suspended, including the Company's 2015 annual report. If the Recapitalisation Proposal is approved, the Company will have the working capital needed and will be in a position to lodge all outstanding reports in a timely fashion following the General Meeting;
4. The Company demonstrating compliance with Listing Rules 12.1 and 12.2 to the satisfaction of ASX. Listing Rule 12.1 requires that the level of the Company's operations be sufficient to warrant the continued quotation of Shares and continued listing of the Company. Listing Rule 12.2 requires that the Company's financial condition (including operating results), in the opinion of ASX, be adequate to warrant the continued quotation of its Shares and its continued listing.

In order to be reinstated to official quotation, the Company may acquire a new business. Shareholders should note that if the Company seeks to acquire a new business that ASX considers would result in the nature of the Company's operations changing for the purposes of ASX Listing Rule 11, the acquisition will be conditional on Shareholder approval. In these circumstances, the Company may be required to comply with the additional ASX listing and quotation requirements of Chapters 1 and 2 of the ASX Listing Rules.

The implementation of the Recapitalisation Proposal will extinguish existing debts, and will provide the Company with the working capital required for the Company to continue to work towards reinstatement on the ASX. See Section 2.4 for details. The Company expects that it will be able to satisfy the conditions precedent and achieve re-quotation of the Shares in due course. However, there can be no certainty that the ASX will not form a contrary view on this issue. If the ASX does form such a contrary view, the Directors will be required to consider alternative strategies to expand the Company's operations and financial position to satisfy this requirement. Any adverse decision by the ASX in this regard will defer reinstatement of quotation of Shares on the ASX.

The Company has until 22 April 2018 to be reinstated to the Official List and for trading of Shares to recommence. If the Company has not been reinstated by this date the ASX may de-list the Company. The de-listing of the Company could have a material adverse effect on Shareholders' ability to buy and sell Shares. If the ASX exercises its discretion to de-list the Company, Shareholders may experience the following difficulties:

- (a) trading liquidity in Shares would be materially adversely affected with Shares only capable of sale by private transaction; and
- (b) the ASX Listing Rules will no longer apply to the Company and Shareholders would forgo the protections inherent in the ASX Listing Rules including those relating to disclosures, restrictions on share issues and making significant changes to the Company's activities. As the Company would continue to have more than 100 Shareholders however, it would remain subject to the continuous disclosure requirements in the Corporations Act.

### **5.3. Corporate governance policies**

The Board of the Company have the responsibility of ensuring that the Company is properly managed so as to protect and enhance Shareholders' interests in a manner that is consistent with the responsibility of the Company to meet its obligations to all parties with which it interacts. To this end, the Board of the Company will adopt what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities. The policies adopted by the Board will be reviewed and may vary should the size and nature of the Company's activities vary.

Corporate governance documentation including charters and relevant corporate policies and codes will be available on the Company's website, after completion of the DOCA.

### **5.4. Regulatory requirements**

This section summarises the Listing Rule and Corporations Act requirements relevant to the Recapitalisation Proposal.

This summary is followed by an explanation in Section 5.5 of the purpose and effect of the Resolutions.

#### ***Section 254H of the Corporations Act and Listing Rule 7.20***

Section 254H of the Corporations Act provides that a company may, by a resolution passed in general meeting, convert all or any of its shares into a larger or smaller number of shares. The consolidation of the Company's existing share capital on a 1 for 2 basis requires approval under section 254H of the Corporations Act.

Listing Rule 7.20 requires a company which is proposing to reorganise its capital to notify its shareholders in writing. The company must provide details on the effect of the proposal on the number of securities, the amount unpaid (if any) on the securities, the proposed treatment of any fractional entitlements arising from the reorganisation and the proposed treatment of any convertible securities on issue. The Consolidation of the Company's capital requires it to give such details to Shareholders.

#### ***Item 7 of section 611 of the Corporations Act***

Part 6.1 of the Corporations Act contains provisions known as the takeover provisions. These takeover provisions prohibit the acquisition of voting shares or a relevant interest in voting shares of a company, if as a result of that acquisition, that person's or someone else's voting power in the company increased:

- from less than 20% to more than 20%; or
- from a starting point that is above 20% and below 90%.

Item 7 of section 611 of the Corporations Act provides an exception to the takeover prohibition in circumstances where the shareholders of the company whose shares are being acquired (in this case, the Company), approve of the acquisition by resolution in general meeting (**Takeover Approval**).

If the Recapitalisation Proposal proceeds, entities associated with Arowana Australasian Special Situations Fund 1 Pty Limited will be issued up to a total of 174,999,999 Shares. These Shares would represent voting power of approximately 44% of the Company.

As the voting power of Arowana Related Entities will exceed 20%, approval under item 7 of section 611 of the Corporations Act is required for the issue of these Shares.

#### ***Listing Rule 10.11***

Under Listing Rule 10.11, the Company must obtain shareholder approval before it issues securities to a related party of the Company.

Mr Kevin Chin, a proposed director of the Company, is a director of the corporate trustee of Arowana Australasian Special Situations Trust 1A, one of the Arowana Related Entities. As a result, Arowana Australasian Special Situations 1A Pty Limited ACN 169 611 732 ATF Arowana Australasian Special Situations Trust 1A is a related party of the Company for the purposes of Listing Rule 10.11.

Mr Michael Hui, Director of the Company, is a director of the corporate trustee of Arowana Australasian Special Situations Trust 1B, one of the Arowana Related Entities. As a result, Arowana Australasian Special Situations 1B Pty Limited ACN 169 611 741 ATF Arowana Australasian Special Situations Trust 1B is a related party of the Company for the purposes of Listing Rule 10.11.

#### ***Listing Rule 7.1***

Under Listing Rule 7.1, the Company may not issue or agree to issue equity securities without Shareholder approval if the number of equity securities would, together with all issues undertaken in the last 12 months without Shareholder approval or pursuant to an exception to Listing Rule 7.1, exceed 15% of the number of equity securities then on issue.

If approval for a Share issue is given under Listing Rule 10.11 or item 7 of section 611 of the Corporations Act, approval under Listing Rule 7.1 is not required.

The Shares to be issued under the Recapitalisation Proposal and Post-Recapitalisation will exceed this limit.

### **5.5. Purpose of relevant information**

The purpose of Resolution 5 is to seek approval under section 254H of the Corporations Act for the consolidation of the Company's current share capital.

The purpose of Resolution 6 is to seek the approval of Shareholders under Item 7 of section 611 of the Corporations Act for the issue by the Company of Shares to the Arowana Related Entities.

Resolution 6 also seeks approval of Shareholders under Listing Rule 10.11 for the issue of Shares to Arowana Australasian Special Situations 1A Pty Limited ACN 169 611 732 ATF Arowana Australasian Special Situations Trust 1A and Arowana Australasian Special Situations 1B Pty Limited ACN 169 611 741 ATF Arowana Australasian Special Situations Trust 1B, as these entities are related parties of the Company.

The purpose of Resolution 7 is to approve the issue of Shares to investors other than the Arowana Related Entities for the purposes of Listing Rule 7.1.

The purpose of Resolution 8 is to approve the issue of Shares following the Recapitalisation to investors unrelated to the Company or Arowana for the purposes of Listing Rule 7.1.

## 5.6. Voting restrictions

Voting restrictions and exclusions in respect of the Resolutions are set out below for each resolution. In accordance with the Corporations Act and the ASX Listing Rules, the Company will disregard votes cast on:

- Resolution 6 by Arowana, each Arowana Related Entity, any Investors nominated by Arowana who subscribe for Shares issued in accordance with Resolution 6 and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the resolution is passed, and any Associates of those persons.
- Resolution 7 by Investors who participate in the issue and any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the resolution is passed, and any Associates of those persons.
- Resolution 8 by Investors who participate in the issue and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the resolution is passed, and any Associates of those persons .

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

## 5.7. Information required for the purpose of Listing Rule 7.20 – Resolution 4

The information set out below is required to be provided to Shareholders under the Listing Rules in relation to the Consolidation under Listing Rule 7.20:

- The purpose of the Consolidation is detailed in Section 2.6.
- If the Consolidation is approved the consolidation will take effect from 30 June 2016.
- Under the Consolidation, all of the Company's issued securities will be consolidated on approximately a 1 for 2 basis. This means that every 2 existing Shares will be consolidated into 1 Share.
- The Company has the following options on issue:

Number	Expiry Date	Exercise Price
3,400,000	30.06.16	\$0.40
2,800,000	30.06.17	\$0.60
6,236,422	31.12.17	\$0.33
5,555,556	31.12.19	\$0.36

In accordance with Listing Rule 7.20, these options will be consolidated on a 1 for 2 basis if the Consolidation is approved and the exercise price for these options will also be amended in inverse proportion to the consolidation ratio and follows:

Post Consolidation Number (Subject to rounding)	Expiry Date	Post Consolidation Exercise Price
1,700,000	30.06.16	\$0.80
1,400,000	30.06.17	\$1.20
3,118,211	31.12.17	\$0.66
2,777,778	31.12.19	\$0.72

- Where the Consolidation of a securityholder's holding results in an entitlement to a fraction of a Share or Option, the fraction will be rounded up to the nearest whole number of Shares or Options (as applicable).
- For rounding purposes, holdings in the same name will be aggregated. The underlying asset backing of each Shareholder's parcel of shares in the Company will not change, even though the number of Shares held will be reduced. The process of Consolidation does not involve a capital reduction.
- After completion of the Consolidation there will be approximately 48,185,755 Shares on issue (subject to rounding).

#### 5.8. Resolution 6 – Specific information

Resolution 6 approves the issue of Shares to the Arowana Related Entities. The information set out below is required to be provided to Shareholders pursuant to Item 7 of Section 611 of the Corporations Act and Listing Rule 10.11 in relation to Resolution 6:

- The allottees will be:
  - o Arowana Australasian Special Situations 1A Pty Limited ACN 169 611 732 ATF Arowana Australasian Special Situations Trust 1A or its nominees;
  - o Arowana Australasian Special Situations 1B Pty Limited ACN 169 611 741 ATF Arowana Australasian Special Situations Trust 1B or its nominees; and
  - o Arowana Australasian Special Situations 1C Pty Limited ACN 169 611 750 ATF Arowana Australasian Special Situations Trust 1C or its nominees.
- Allottees that are nominees will not be Associates of the Arowana Related Entities and will be Investors who are exempt from the disclosure requirements of Chapter 6D of the Corporations Act.
- The Arowana Related Entities are Associates of each other and Arowana Australasian Special Situations Fund 1 Pty Limited. In addition:
  - o Mr Kevin Chin, the sole director of the corporate trustee, is an Associate of Arowana Australasian Special Situations 1A Pty Limited ACN 169 611 732 ATF Arowana Australasian Special Situations Trust 1A. As Mr Chin is also a proposed Director, this entity is a related party of the Company;
  - o Mr Michael Hui, the sole director of the corporate trustee, is an Associate of Arowana Australasian Special Situations 1B Pty Limited ACN 169 611 741 ATF Arowana Australasian Special Situations Trust 1B. As Mr Hui is also a Director, this entity is a related party of the Company;

- o Mr David Browne, the sole director of the corporate trustee, is an Associate of Arowana Australasian Special Situations 1C Pty Limited ACN 169 611 750 ATF Arowana Australasian Special Situations Trust 1C.
- The Shares to be issued pursuant Resolution 6 will be fully paid ordinary shares in the Company and will have the same terms as, and rank equally with, all other Shares on issue from the date of issue.
- The Company will issue up to 174,999,999 Shares pursuant to Resolution 6 as follows:
  - o Up to 49,999,999 Shares at an issue price of \$0.001 per Share (on a post consolidation basis);
  - o up to 50,000,000 Shares at an issue price of \$0.005 per Share (on a post consolidation basis);
  - o up to 25,000,000 Shares at an issue price of \$0.008 per Share (on a post consolidation basis);
  - o up to 50,000,000 Shares at an issue price of \$0.010 per Share (on a post consolidation basis).
- The maximum aggregate subscription price for these Shares is \$1.0 million.
- The proposed use of funds is set out in Section 1.5. The Recapitalisation Proposal is summarised in Section 1.
- Each Arowana Related Entity will subscribe for not less than 41,666,667 Shares (representing 10% of the Company) and up to 58,333,333 Shares (representing 14.6% of the Company) pursuant to Resolution 6. If the Arowana Related Entities subscribe for less than this maximum number of Shares each, the maximum aggregate number of Shares that nominees of the Arowana Related Entities may subscribe for is 49,999,999 Shares.
 

Accordingly, the maximum extent to which the voting power of Arowana and each of the Arowana Related Entities will increase is 44%. If each Arowana Related Entity subscribes for 41,666,667 Shares, Arowana and each of the Arowana Related Entities will acquire voting power of 31%.
- The Shares referred to above will be issued as soon as possible after passage of all Resolutions and in any event within 1 month of passage of all Resolutions (or such later date as permitted by any ASX waiver or modification of the ASX listing rules). It is presently anticipated that this will take place on 30 June 2016.
- Arowana and the Arowana Related Entities' intentions regarding the future of the Company if the Recapitalisation Proposal is approved are set out in Section 2.4 and below:
  - o none of Arowana or the Arowana Related Entities presently intends to inject further capital into the Company;
  - o there are currently no employees of the Company;
  - o there are no proposals whereby any property will be transferred between the Company and one or more Arowana Related Entity or a person associated with them;
  - o there is no intention to deploy any fixed assets of the Company; and
  - o there is no present intention to change the Company's existing policies in relation to financial and dividend policies. The dividend policy of the Company will be assessed in accordance with the future profitability of the Company's business.
- See Section 1.8 for a proposed timetable and Section 5.6 for relevant voting exclusions.

- The Independent Expert's Report concludes that the Proposed Recapitalisation is fair and reasonable for the reasons set out in the Independent Expert's Report.
- For the reasons set out in Section 5.11, the Directors make no recommendation in relation to Resolution 6.

#### **5.9. Resolution 7 - Specific information**

Resolution 7 approves the issue of Shares to Investors (as identified by Arowana) other than the Arowana Related Entities. The information set out below is required to be provided to Shareholders pursuant to Listing Rule 7.1 in relation to Resolution 7:

- If approved, the Company will issue up to 175,000,001 Shares to Investors other than related parties of the Company, Arowana and the Arowana Related Entities. The Shares will be issued to the Investors who are exempt from the disclosure requirements of Chapter 6D of the Corporations Act as identified by Arowana.
- The Shares to be issued will be fully paid ordinary shares in the Company and will have the same terms as, and rank equally with, all other Shares on issue from the date of issue. Refer to Section 3.2 of this Booklet for a summary of the rights of these Shares.
- Shares to be issued to the Investors will be issued at a minimum issue price of \$0.001 per Share.
- The Shares to be issued to the Investors are as follows:
  - o up to 50,000,001 Shares at an issue price of \$0.001 per Share (on a post consolidation basis);
  - o up to 50,000,000 Shares at an issue price of \$0.005 per Share (on a post consolidation basis);
  - o up to 25,000,000 Shares at an issue price of \$0.008 per Share (on a post consolidation basis);
  - o up to 50,000,000 Shares at an issue price of \$0.010 per Share (on a post consolidation basis);
- The Shares will be issued as soon as possible and in any event, no later than 3 months after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX listing rules). The likely issue date is 30 June 2016.
- The aggregate subscription price for these Shares is up to \$1.5 million. The proposed use of funds is set out in Section 1.5.

#### **5.10. Resolution 8 - Specific information**

Resolution 8 approves the issue of up to 200 million Shares to Investors (as identified by Arowana) other than the Arowana Related Entities. The information set out below is required to be provided to Shareholders pursuant to Listing Rule 7.1 in relation to Resolution 8:

- If approved, the Company will issue up to 200 million Shares to Investors other than related parties of the Company, Arowana and the Arowana Related Entities. The Shares will be issued to the Investors who are exempt from the disclosure requirements of Chapter 6D of the Corporations Act as identified by Arowana.
- The Shares to be issued will be fully paid ordinary shares in the Company and will have the same terms as, and rank equally with, all other Shares on issue from the date of issue. Refer to Section 3.2 of this Booklet for a summary of the rights of these Shares.
- Shares to be issued to the Investors will be issued at an issue price of \$0.01 per Share.



- The Shares will be issued as soon as possible and in any event, no later than 3 months after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX listing rules). The likely issue date will be on or before 1 August 2016.
- The aggregate subscription price for these Shares is \$2.0 million. The proposed use of funds is set out in Section 1.5.

#### **5.11. No Directors' Recommendation on the Recapitalisation**

As the Company is subject to the DOCA and under external administration, the Directors do not make any recommendation in respect of the Resolutions.

Shareholders should read this Booklet in full and the Independent Expert's Report to form an opinion on the merits of the Recapitalisation Proposal.

#### **5.12. Independent advice**

Shareholders should consult their legal, financial, taxation or other professional adviser if they have any queries regarding:

- the Recapitalisation Proposal;
- the taxation implication for them if the Recapitalisation Proposal is implemented; and
- any other aspects of this Booklet.

#### **5.13. Other Material Information**

The Company will issue a supplementary document to this Booklet if it becomes aware of any of the following between the date of despatch of this Booklet and the date of the General Meeting:

- a material statement in this Booklet is false or misleading in a material respect;
- a material omission from this Booklet;
- a significant change affecting a matter included in this Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Booklet if it had arisen before the date of lodgement of this Booklet with ASX.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, the Company may circulate and publish any supplementary document by:

- making an announcement to ASX; and/or
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia; and/or
- posting the supplementary document to Shareholders at their registered address as shown in the Company Register; and/or
- posting a statement on the Company's corporate website, as the Company in its absolute discretion considers appropriate.

## 6. Glossary

The following terms used in this Booklet (including the Notice of Meeting in Appendix 1 to this Booklet) have the meanings given to them below, unless the context otherwise requires.

Deed Administrators	means Messrs Richard Albarran, Brent Kijurina and Cameron Shaw of Hall Chadwick Chartered Accountants
ASIC	Australian Securities & Investment Commission.
Associate	has the same meaning as in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conduct by it.
Arowana	Arowana Australasian Special Situations Fund 1 Pty Limited (ACN 150 697 751)
Arowana Related Entities	Means: <ul style="list-style-type: none"> <li>➤ Arowana Australasian Special Situations 1A Pty Limited ACN 169 611 732 ATF Arowana Australasian Special Situations Trust 1A;</li> <li>➤ Arowana Australasian Special Situations 1B Pty Limited ACN 169 611 741 ATF Arowana Australasian Special Situations Trust 1B; and</li> <li>➤ Arowana Australasian Special Situations 1C Pty Limited ACN 169 611 750 ATF Arowana Australasian Special Situations Trust 1C.</li> </ul>
Board	the current board of directors of the Company.
Booklet	this booklet including the Explanatory Memorandum, Notice of Meeting, the Independent Expert's Report.
Company	Viento Group Ltd (Subject to a Deed of Company Arrangement) (ACN 000 714 054).
Constitution	the Company's constitution.
Creditors' Trust	the trust established under the Creditors' Trust Deed.
Creditors' Trust Deed	the deed between the Company and the Administrators pursuant to which the Administrators will hold certain trusts for the Company's creditors.
Director	a current director of the Company.
DOCA	the deed of company arrangement (as amended by deed of variation dated 7 August 2015) to implement the Recapitalisation Proposal executed by the Company and the Administrators on 20 July 2015
Explanatory Memorandum	this explanatory memorandum dated 24 May 2016 in relation to the General Meeting.
General Meeting	the meeting of members to be convened in respect of the Recapitalisation Proposal to be held on 23 June 2016. The notice convening the General Meeting is contained in Appendix 1 of this Booklet.
Independent Expert	Nexia Court Financial Solutions Pty Ltd ABN 88 077 764 222, Australian Financial Services Licence Number 247300
Independent Expert's Report	the report of the Independent Expert expressing an opinion on the Recapitalisation Proposal. The Independent Expert's Report is set out in Appendix 2 of this Booklet.
Investors	investors who will be issued Shares pursuant to the Recapitalisation Proposal and Post Recapitalisation Share Issue (other than the Arowana Related Entities)
Listing Rules	the listing rules of ASX.

Notice of Meeting	the notice for the General Meeting dated 24 May 2016, as set out in Appendix 1 of this Booklet.
Official List	the official list of the ASX.
Options	unlisted options currently on issue in the Company (see section 5.7 for details)
Post Recapitalisation Share Issue	The issue of up to 200 million shares (at \$0.01 per Share) to Investors the subject of Resolution 8.
Recapitalisation Proposal	<p>The proposal to recapitalise the Company and continue current business operations, using the structure of a deed of company arrangement and creditors' trusts, involving:</p> <p>(a) the consolidation of the existing securities on the basis of 1 security for every 2 securities held; and</p> <p>(b) the issue of 350 million Shares,</p> <p>and otherwise on the terms set out in this Booklet.</p>
Registry	Boardroom Pty Limited.
Resolution	a resolution set out in the Notice of General Meeting.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a registered holder of Shares.

## **Appendix 1 – Notice of General Meeting**

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**Viento Group Ltd (Subject to a Deed of Company Arrangement)**  
(ACN 000 714 054)

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### **Notice of Meeting for the General Meeting of Shareholders**

**To be held at 11:30am (Sydney time) on 23 June 2016 at Level 11, 153 Walker St, North Sydney, NSW 2060**

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#### **IMPORTANT INFORMATION**

This is an important document that should be read in its entirety.

This Notice of General Meeting is an appendix to the Explanatory Memorandum. An Independent Expert's Report is also an appendix to the Explanatory Memorandum. The Explanatory Memorandum and its appendices have been prepared to assist Shareholders in determining whether or not to vote in favour of the Resolutions set out in this Notice of Meeting.

The Explanatory Memorandum and its appendices should be read in conjunction with this Notice of General Meeting.

The Deed Administrators have given their consent to convene the General Meeting and to despatch this Notice of Meeting and the accompanying Explanatory Statement, but express no opinion about any of their contents including, but in no way limited to, any statements regarding the Recapitalisation Proposal. The Deed Administrators make no recommendation about how Shareholders should vote on the Resolutions contained in the Notice of Meeting and do not warrant the accuracy, completeness or reliability of the information provided. The Directors of the Company have prepared and take responsibility for these documents and have caused the despatch of this Notice of Meeting and the accompanying Explanatory Statement.

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You are encouraged to attend the General Meeting, but if you cannot, you are requested to complete and return the enclosed proxy form without delay. See the proxy form and this Notice of Meeting for further details.

## 1. Business

The business of the General Meeting is to consider the following proposed resolutions.

### **Resolution 1: Election of Kevin Chin as Director**

Mr Kevin Chin offers himself for election as a Director of the Company.

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

*“That Mr Kevin Chin, being eligible, offers himself for election, be elected as a Director of the Company.”*

### **Resolution 2: Election of Conor Byrne as Director**

Mr Conor Byrne offers himself for election as a Director of the Company.

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

*“That Mr Conor Byrne, being eligible, offers himself for election, be elected as a Director of the Company.”*

### **Resolution 3: Election of Michael Hui as Director**

Mr Michael Hui, having been appointed as an additional Director since the last general meeting of members, offers himself for election as a Director of the Company.

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

*“That Mr Michael Hui, being eligible, offers himself for election, be elected as a Director of the Company.”*

### **Resolution 4: Election of John Knights as Director**

Mr John Knights, having been appointed as an additional Director since the last general meeting of members, offers himself for election as a Director of the Company.

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

*“That Mr John Knights, being eligible, offers himself for election, be elected as a Director of the Company.”*

### **Resolution 5: Consolidation of the Company’s Existing Capital**

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

*“That, subject to and conditional on all other Resolutions and for the purposes of section 254H of the Corporations Act 2001 (Cth), Listing Rule 7.20, the Company’s Constitution and for all other purposes, approval is given for the consolidation of the Company’s existing share capital on a 1 for 2 basis, with any fractional entitlements being rounded up to the nearest whole number and on the terms and conditions as detailed in the accompanying Explanatory Statement.”*

Section 254H of the Corporations Act and Listing Rules 7.20 and 7.22 are relevant to this resolution.

### **Resolution 6: Issue of Shares to Arowana Related Entities**

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

*“That, subject to and conditional on the passage of all other Resolutions, approval is given for:*

(c) *the Company to issue:*

- (i) up to 49,999,999 Shares at an issue price of \$0.001 per Share (on a post consolidation basis);
- (ii) up to 50,000,000 Shares at an issue price of \$0.005 per Share (on a post consolidation basis);
- (iii) up to 25,000,000 Shares at an issue price of \$0.008 per Share (on a post consolidation basis);
- (iv) up to 50,000,000 Shares at an issue price of \$0.010 per Share (on a post consolidation basis),

*to the Arowana Related Entities (or Investors nominated by them), and otherwise on the terms set out in the Explanatory Memorandum;*

- (d) *the Arowana Related Entities and Arowana Australasian Special Situations Fund 1 Pty Limited to acquire voting power of up to approximately 44% of the Company.*

Item 7 of Section 611 of the Corporations Act and in the case of Arowana Australasian Special Situations 1A Pty Limited ACN 169 611 732 ATF Arowana Australasian Special Situations Trust 1A and Arowana Australasian Special Situations 1B Pty Limited ACN 169 611 741 ATF Arowana Australasian Special Situations Trust 1B, Listing Rule 10.11, are relevant to this resolution.

#### **Resolution 7: Issue of Shares to Other Investors**

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

*"That, subject to and conditional on the passage of all other Resolutions, approval is given for the Company to issue:*

- (a) *up to 50,000,001 Shares at an issue price of \$0.001 per Share (on a post consolidation basis);*
- (b) *up to 50,000,000 Shares at an issue price of \$0.005 per Share (on a post consolidation basis);*
- (c) *up to 25,000,000 Shares at an issue price of \$0.008 per Share (on a post consolidation basis);*
- (d) *up to 50,000,000 Shares at an issue price of \$0.010 per Share (on a post consolidation basis),*

*to the Investors (other than the Arowana Related Entities), and otherwise on the terms set out in the Explanatory Memorandum."*

Listing Rule 7.1 is relevant to this resolution.

#### **Resolution 8: Issue of Shares to Other Investors**

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

*"That, subject to and conditional on the passage of all other Resolutions, approval is given for the Company to issue up to 200 million Shares at an issue price of \$0.01 per Share to the Investors (other than the Arowana Related Entities), and otherwise on the terms set out in the Explanatory Memorandum."*

Listing Rule 7.1 is relevant to this resolution.

## **2. Explanatory Memorandum**

Shareholders are referred to the Explanatory Memorandum accompanying this Notice of Meeting.

### 3. Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the General Meeting, Shares will be taken to be held by the persons who are the registered holders at 7:00 pm (Sydney time) on 21 June 2016. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting restrictions and exclusions in respect of the Resolutions are set out below for each resolution.

In accordance with the Corporations Act and the ASX Listing Rules, the Company will disregard votes cast on:

- Resolution 6 by Arowana, each Arowana Related Entity and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the resolution is passed, and any Associates of those persons.
- Resolution 7 by Investors who participate in the issue and any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the resolution is passed, and any Associates of those persons.
- Resolution 8 by Investors who participate in the issue and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the resolution is passed, and any Associates of those persons .

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

#### *How to vote*

Shareholders entitled to vote at the General Meeting may vote:

- by attending the meeting and voting in person; or
- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate members or proxies, a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

#### *Voting in person (or by attorney)*

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the General Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Registry before 11:30am (Sydney time) on 21 June 2016 any of the following ways:

By post to the Registry:

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney, NSW, 2000

By hand delivery to the Registry at:

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney, NSW, 2000

By fax to the Registry on:

+61 2 9279 0664

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the General Meeting to be held at Level 11, 153 Walker St, North Sydney, NSW 2060 on 23 June 2016 commencing at 11:30am (Sydney time).

- A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:
  - (i) died;
  - (ii) became mentally incapacitated;
  - (iii) revoked the proxy or power; or
  - (iv) transferred the Shares in respect of which the vote was cast,unless the Company received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.

*Voting by proxy*

- Shareholders wishing to vote by proxy at this meeting must:
  - (v) complete and sign or validly authenticate the proxy form, which is enclosed with this Booklet; and
  - (vi) deliver the signed and completed proxy form to the Company by 11:30am on 21 June 2016 (Sydney time) in accordance with the instructions below.
- A person appointed as a proxy may be an individual or a body corporate.

*Submitting proxy votes*

- Shareholders wishing to submit proxy votes for the General Meeting must return the enclosed proxy form to the Company in any of the following ways:

By post to the Registry:

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney, NSW, 2000

By hand delivery to the Registry at:

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney, NSW, 2000

By fax to the Registry on:

+61 2 9279 0664

**Note:** proxies may not be returned by email nor is internet voting available.



*Notes for proxies*

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote at the meeting on that Shareholder's behalf.
2. A proxy need not be a Shareholder.
3. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.
4. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.
5. A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:
  - o if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed; and
  - o if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.
6. If a proxy appointment is signed or validly authenticated by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or the Company Secretary.
 

If:

  - o a Shareholder nominates the Chairman of the meeting as the Shareholder's proxy; or
  - o the Chairman is to act as proxy if a proxy appointment is signed by a Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.
7. Proxy appointments in favour of the Chairman of the meeting, the Company Secretary or any Director which do not contain a direction will be voted in support of the Recapitalisation Proposal resolutions (in the absence of a superior proposal prior to the date of the meeting).

*Corporate representatives*

1. To vote in person at the General Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.
2. To vote by corporate representative at the meeting, a corporate Shareholder or proxy should obtain an Appointment of Corporate Representative Form from the Registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting.
3. The appointment of a representative may set out restrictions on the representative's powers.
4. The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

5. The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board

A handwritten signature in black ink, consisting of stylized initials followed by a long horizontal line ending in a dot.

**Viento Group Ltd**  
**(Subject to Deed of Company Arrangement)**  
**24 May 2016**

## **Appendix 2 – Independent Expert’s Report**

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# **Viento Group Limited (Subject to Deed of Company Arrangement)**

Recapitalisation Proposal

Independent Expert's Report  
and Financial Services Guide

12 May 2016



## **FINANCIAL SERVICES GUIDE**

**Dated: 12 May 2016**

### **What is a Financial Services Guide (“FSG”)?**

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Nexia Court Financial Solutions Pty Ltd ABN 88 077 764 222, Australian Financial Services Licence Number 247300 (“NCFS”).

This FSG includes information about:

- NCFS and how they can be contacted
- the services NCFS is authorised to provide
- how NCFS are paid
- any relevant associations or relationships of NCFS
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that NCFS has in place.

Where you have engaged NCFS we act on your behalf when providing financial services. Where you have not engaged NCFS, NCFS acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a Report or other financial services from NCFS.

### **Financial Services that NCFS is authorised to provide**

NCFS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a Report in relation to a transaction relating to one of these types of financial products.

### **NCFS's responsibility to you**

NCFS has been engaged by the independent directors of Viento Group Limited (“Viento” or the “Client”) to provide general financial product advice in the form of an independent expert’s report to be included in the Shareholder Booklet sent to Viento’s shareholders dated on or about 24 May 2016 (“Report”).

You have not engaged NCFS directly but have received a copy of the Report because you have been provided with a copy of the Document. NCFS or the employees of NCFS are not acting for any person other than the Client.

NCFS is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

### **General Advice**

As NCFS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Scheme.

### **Fees NCFS may receive**

NCFS charges fees for preparing Reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NCFS \$17,500 (excluding GST and out of pocket expenses) for preparing the Report. NCFS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

### **Referrals**

NCFS does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

### **Associations and Relationships**

Through a variety of corporate and trust structures NCFS is controlled by and operates as part of the Nexia Court & Co Partnership. NCFS's directors and authorised representative may be partners in the Nexia Court & Co Partnership. Mr Brent Goldman, authorised representative of NCFS and partner in the Nexia Court & Co Partnership, has prepared this Report. The financial product advice in the Report is provided by NCFS and not by the Nexia Court & Co Partnership.

From time to time NCFS, the Nexia Court & Co Partnership and related entities (Nexia entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years no professional fees have been received from the Client and \$37,500 has been received from Arowana related entities in respect of the provision of independent expert's reports.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Recapitalisation.

### **Complaints Resolution**

If you have a complaint, please let NCFS know. Formal complaints should be sent in writing to:

Nexia Court Financial Solutions Pty Ltd  
Head of Compliance  
PO Box H195  
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.



### **External Complaints Resolution Process**

If NCFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly at:

Financial Ombudsman Service Limited  
GPO Box 3, Melbourne Victoria 3001  
Telephone: 1300 56 55 62  
Facsimile (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

### **Compensation Arrangements**

NCFS has professional indemnity insurance cover as required by the *Corporations Act 2001(Cth)*.

#### Contact Details

You may contact NCFS at:

**Nexia Financial Solutions Pty Ltd**  
**PO Box H195**  
**Australia Square NSW 1215**

12 May 2016

The Directors  
Viento Group Limited  
c/- Hall Chadwick  
Level 11, 16 St Georges Terrace  
Perth WA 6000

Dear Sirs,

## **Independent Expert's Report on the proposed recapitalisation of Viento Group Limited**

### **1. OUTLINE OF THE TRANSACTION**

On 15 July 2015, Arowana announced an offer to acquire and recapitalise Viento Group Limited (subject to a Deed of Company Arrangement) ("Viento" or "the Company") using the structure of a Deed of Company Arrangement ("DOCA") and a Creditor's Trust Deed ("Creditor's Trust"). On 24 July 2015, the creditors of the Company resolved to execute a Deed of Variation to amend the original Deed of Company Arrangement ("DOCA"), executed on 9 July 2015, to give effect to the recapitalisation proposal.

Completion of the Proposed Recapitalisation is conditional on the following:

- Shareholder approval for a 2 for 1 consolidation, resulting in a reduction of shares from 96,371,511 to 48,185,755.
- Shareholder approval for the issue of 350 million shares to Arowana and third party investors
- All pre-administration debts of the company to be extinguished, leaving the company debt free
- No deed of cross guarantee will operate with respect to, or impose liability on, the Company
- Any security over the Company's assets or registered against the Company being discharged and released the books and records being retained by the Company are unencumbered

Under the recapitalisation, \$2,000,000 will be raised in exchange for 350 million shares ("Proposed Recapitalisation"). The issue of shares (following the share consolidation) will be as follows:

- 100 million shares at \$0.001 per share;
- 100 million shares at \$0.005 per share;
- 50 million shares at \$0.008 per share;
- 100 million shares at \$0.010 per share;

Of these shares a minimum of 125,000,000 (36%) and a maximum of 174,999,999 (50%) shares will be issued to Arowana and its related entities.

As part of the Proposed Recapitalisation, all assets remaining in the Company and \$600,000 in cash will be placed in a Creditor's Trust. Upon execution of the varied DOCA, Arowana paid a non-refundable deposit of \$100,000 to fund transaction costs.

Following the Proposed Recapitalisation, the Company will issue a further 200,000,000 shares to third party investors, raising an additional \$2,000,000 to provide working capital (the "Post Recapitalisation Issue").

#### **Nexia Court Financial Solutions Pty Ltd**

AFSL 247300  
Level 16, 1 Market Street, Sydney NSW 2000  
PO Box H195, Australia Square NSW 1215  
p +61 2 9251 4600, f +61 2 9251 7138  
info@nexiacourt.com.au, www.nexia.com.au

Independent member of Nexia International





If the Proposed Recapitalisation proceeds, \$1.3 million will be available to the Company and Arowana will hold a minimum of 31% and a maximum of 44% of the Company, other investors will hold a minimum of 44% and a maximum of 57%, and existing shareholders will hold 12%. If the Post Recapitalisation Issue proceeds, Arowana's interest will reduce to a minimum of 21% and a maximum of 29%.

Arowana do not intend to requote on the ASX at present, but may reconsider when appropriate vend-in assets have been identified. Under existing ASX policy, Arowana have until 22 April 2018 in which to list the suspension of trading in the Company's securities before it is de-listed.

## **2. PURPOSE OF REPORT**

The purpose of this Report is to advise the shareholders of the Company on the fairness and reasonableness of the Proposed Recapitalisation.

Under s606 of the *Corporations Act 2001 (Cth)* ("the Act"), a transaction that would result in an entity and its associates increasing their voting power in an entity from:

- 20% or below to greater than 20%; or
- a position above 20% and below 90%,

is prohibited without making a takeover offer to all shareholders unless an exemption applies.

Item 7 of s611 of the Act provides an exemption from the above if the transaction is approved by shareholders in a general meeting.

Under the Proposed Recapitalisation, Arowana's voting power in the Company would increase from 0% to a maximum of 44%. Accordingly, this falls within the provisions of s606 of the Act and thus, shareholder approval is necessary for the Proposed Recapitalisation to proceed. We note that if the Post Recapitalisation Issue is successful, then Arowana's voting power will reduce to a minimum of 21% and a maximum of 29%. Within our report we have considered the position prior to the Post Recapitalisation Issue in determining whether or not the transaction is fair and reasonable.

The Australian Securities and Investments Commission ("ASIC") has issued Regulatory Guide 74: Acquisitions approved by members ("RG 74") that sets out the material disclosure requirements to shareholders when seeking their approval under item 7 of s611 of the Act. As part of the disclosure requirements, ASIC requires a detailed analysis of the transaction that complies with Regulatory Guide 111: Content of experts Report ("RG111"). This can either be undertaken by the directors if they believe they have sufficient skill and expertise or an independent expert.

## **3. SUMMARY AND OPINION**

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion is based solely on information available as at the date of this Report.

The principal factors that we have considered in forming our opinion are summarised below.

### **3.1 Assessment of Fairness**

In respect of the Proposed Recapitalisation, we consider it to be fair if the fair value of a minority interest in a share in the Company following the Proposed Recapitalisation is greater than the fair value of a controlling interest in a share in the Company before the Proposed Recapitalisation.

To determine the fair value of the Company, we have applied the net asset valuation methodology (please refer to section 6). This methodology has been applied for a number of reasons including that:

- the Company's shares have been suspended from trading since 22 April 2015; and

- the external administration has impacted the Company's trading performance and recent results are not reflective of true performance.

	Value (\$)
Fair value a share on a control basis before the Proposed Recapitalisation	\$0.0008
Fair value a share on a minority basis after the Proposed Recapitalisation	\$0.0026

As the fair value of a share after the Proposed Recapitalisation is greater than the fair value of a share before the Proposed Recapitalisation **we have concluded that the Proposed Recapitalisation is fair.**

### 3.2 Assessment of Reasonableness

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

In forming our opinion we have considered the following relevant factors (see section 10).

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>The Company is in administration and the Proposed Recapitalisation provides shareholders with the potential to realise some value for their shares</li> <li>There is potential to have the Company's shares quoted on the ASX</li> <li>The Proposed Recapitalisation provides access to further funding opportunities for the Company</li> </ul>	<ul style="list-style-type: none"> <li>Arowana's interest in the Company will be between 31% and 44% giving it significant influence over the Company.</li> <li>Arowana will have control of the Board through the appointment of directors who will remain on the Board if the Proposed Recapitalisation proceeds</li> </ul>

We have been informed that there are no alternatives to the Proposed Recapitalisation. If the Proposed Recapitalisation is not approved by shareholders, the Company will remain an ASX listed company and remain suspended from quotation. It will then be a decision for the Administrators of the Company as to how to proceed.

Consequently, as the Proposed Recapitalisation is fair and, taking into consideration the matters above, **we have concluded that the Proposed Recapitalisation is reasonable.**

### 3.3 **Opinion**

**Accordingly, in our opinion, the Proposed Recapitalisation is fair and reasonable to the Company's shareholders.**

The ultimate decision on whether to approve the Proposed Recapitalisation should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Shareholders Booklet, and consider their own specific circumstances before voting in favour of or against the Proposed Recapitalisation.

Yours faithfully

**Nexia Court Financial Solutions Pty Ltd (AFSL 247300)**

**Brent Goldman**

Authorised Representative

## **STRUCTURE OF REPORT**

Our Report is set out under the following headings:

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#### **4. BASIS OF EVALUATION**

RG74 and RG 111 provide guidance as to matters that should be considered in determining whether a transaction is fair and reasonable in a range of circumstances.

RG74 and RG 111 state that in deciding an appropriate form of analysis, the expert needs to consider that the main purpose of the Report is to deal with the concerns that could reasonably be anticipated by those persons affected by the transaction. An expert should focus on the purpose and outcome of the transaction; that is the substance of the transaction, rather than the legal mechanism used to effect the transaction.

RG 111 requires analysis of a transaction under two distinct criteria being:

- is the offer 'fair'?; and
- is it reasonable?

That is, the opinion of fair and reasonable is not considered as a compound phrase.

In determining what is fair and reasonable for a control transaction, RG 111 states that:

- an offer is fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer, assuming a 100% interest of the target and irrespective of whether consideration is cash or scrip; and
- an offer is reasonable if it is fair, or if the offer is not fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of a higher bid before the close of an offer.

In determining whether the transaction is fair, the fair value is assumed to be based on a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

For the purpose of considering whether or not the Proposed Recapitalisation is fair we have compared the fair value of a share in the Company on a control basis prior to the Proposed Recapitalisation to the fair value of a share in the Company on a minority basis after the Proposed Recapitalisation and before the Post Recapitalisation Issue.

In our assessment of the reasonableness of the Proposed Recapitalisation, our consideration has included the following matters:

- any pre-existing voting power in securities in the Company;
- other significant security holding blocks in the Company;
- the liquidity of the market in the Company's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the Company;
- any special value to associated entities, such as technology, the potential to write-off outstanding loans from the Company, etc;
- the likely market price if the Proposed Recapitalisation does not proceed;
- the value to an alternate bidder and the likelihood of an alternative bid being made; and
- other significant matters set out in section 10.

##### **4.1 Individual shareholders' circumstances**

The ultimate decision whether to approve the Proposed Recapitalisation should be based on each shareholder's assessment of the Proposed Recapitalisation, including their own risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Recapitalisation or matters dealt with in this Report, shareholders should seek independent professional advice.

#### 4.2 Limitations on reliance on information

The documents and information relied on for the purposes of this Report are set out in Appendix B. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that documents and material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Recapitalisation is fair and reasonable to the shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit or extensive examination might disclose.

We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.

An important part of the information used in forming an opinion of the kind expressed in this Report is the opinions and judgement of Directors and management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

NCFS are not the auditors of the Company. We have analysed and reviewed information provided by the Directors and management of the Company and made further enquiries where appropriate. Preparation of this Report does not imply that we have in any way audited the accounts or records of the Company.

In forming our opinion we have assumed:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Shareholders Booklet to be sent to shareholders is complete, accurate and fairly represented in all material respects; and
- the publicly available information relied upon by NCFS in its analysis was accurate and not misleading.

This Report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this Report which may impact upon this Report or which may impact upon the assumptions referred to in the Report.

**5. OVERVIEW OF VIENTO GROUP LIMITED**

**5.1 Corporate History**

The Company is an Australian Securities Exchange (“ASX”) listed entity, headquartered in Western Australia. It was incorporated in New South Wales on 13 August 1969 and listed on the ASX on 16 May 1991. On 22 April 2015, the Company and its subsidiaries entered Administration. As a result, its shares were suspended from trading from the ASX on 22 April 2015.

The ASX adopted a new policy in respect of suspended securities on 1 January 2014 which means that any entity whose securities have been suspended from trading for a continuous period of 3 years will be removed from the Official List. Accordingly, the Company’s shares will be removed from the Official List on 22 April 2018 unless the suspension is lifted.

On 18 June 2015, the Company’s creditors resolved that the Company and its subsidiaries would execute a deed of company arrangement (“DOCA”). The DOCA was subsequently varied on 24 July 2015 to give effect to the recapitalisation proposal by Arowana.

As part of the DOCA, an Asset Sale Agreement and a Share Sale Agreement was entered into between the Company and VCS Holdings (Aust) Pty Ltd (“VCH”) whereby VCH would acquire the assets of the Company and shares in the following subsidiaries:

- Viento Equipment Hire Pty Ltd (“VEH”) – 100% share ownership
- Viento Contracting Services Pty Ltd (“VCS”) – 75% share ownership
- KVG Contracting Services Pty Ltd (“KVG”) – 50% share ownership
- Viento Kimberley Pipelines Pty Ltd (“VKP”) – 50% share ownership

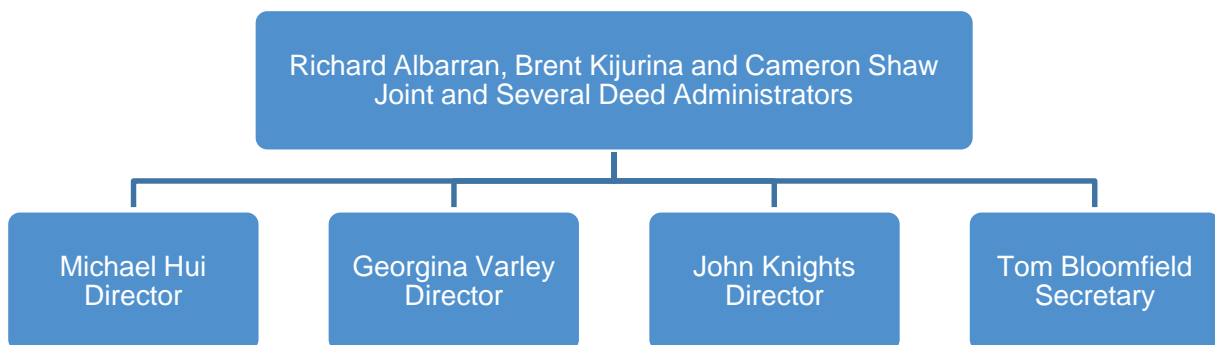
The remaining assets of the Company will be transferred to the creditor’s trust prior to the recapitalisation.

**5.2 Business Activities**

Prior to entering administration, the Company operated in the mining services sphere, with a focus on operations within the mining, oil and gas industries. Since the Company entered administration and the sale of its subsidiaries and assets, the Company has not traded.

**5.3 Directors and Key Management**

A diagram of the Company’s board and management structure is set out in the graphic below:



Discussed below are the significant movements with the directors and Deed Administrators of the Company:

- Richard Albarran, Brent Kijurina and Cameron Shaw were appointed as Voluntary Administrators of the Company on 22 April 2015;

- Richard Albarran, Brent Kijurina and Cameron Shaw were appointed as Deed Administrators of the Company on 9 July 2015
- Raymond Munro, Nicholas Silverthorne and Douglas Grewar resigned as directors of the Company on 20 July 2015; and
- Michael Hui, John Knights and Georgina Varley were appointed as directors of the Company on 5 November 2015.

## 5.4 Financial Information

The Company's audited financial statements for the years ending 30 June 2013 and 2014 and unaudited management accounts for the year ending 30 June 2015 are summarised below.

A qualified audit opinion was issued in respect of the 30 June 2013 and 2014 financial years in relation to the carrying value of the Company's investment in Queensland Iron Ore Exploration project overstating the net assets at 30 June 2013 by \$1.2million. Queensland Iron Ore was disposed of in FY2014; however the qualification was still applied due to the impact on the opening balance sheet.

The Company has not yet prepared statutory financial statements for the year ended 30 June 2015. Since being placed into administration the Company has not prepared and had audited financial statements. As there has been no trading since 30 June 2015, no updated financial information has been provided since this date.

### 5.4.1 Financial Performance

Set out below are the Company's consolidated profit and loss accounts for the years ended 30 June 2013, 2014 and 2015: As discussed above, the Company's auditor expressed a qualified audit opinion for FY2013 and FY2014. The accounts for FY2015 are unaudited.

\$'000	Note	FY2013	FY2014	FY2015
Revenue	1	24,313	102,495	79,629
Interest income		102	40	226
Gain on de-recognition of subsidiaries	2			17,011
Loss on de-recognition of net assets	3			(11,255)
<b>Total revenue</b>		<b>24,415</b>	<b>102,535</b>	<b>85,611</b>
Expenses relating to ordinary activities				
Employee benefits expense		(12,852)	(31,242)	(41,712)
Operating expenses		(7,549)	(50,149)	(55,829)
Professional services fees		(1,553)	(1,937)	(2,680)
Commission expense		(168)	(169)	(17)
Occupancy expense		(919)	(2,919)	(4,405)
Finance expense		(940)	(2,036)	(1,668)
Administration expense		(1,534)	(2,180)	(2,029)
Other expenses		(157)	(2,987)	3,479
Depreciation and amortisation expense		(2,202)	(6,990)	(3,996)
Bad and doubtful debts expense		(483)	(49)	-
Change in fair values of financial assets	4	(1,782)	-	507
Total expenses		(30,139)	(100,658)	(108,350)
<b>Profit / (loss) from ordinary activities before income tax expense</b>		<b>(5,724)</b>	<b>1,877</b>	<b>(22,739)</b>
Income tax (expense) / benefit relating to ordinary activities		1,263	(710)	8,032
<b>Net profit / (loss) from ordinary activities after related income tax benefit</b>		<b>(4,461)</b>	<b>1,167</b>	<b>(14,707)</b>
Net revaluation of listed investments		45	-	-
<b>Total comprehensive income / (loss)</b>		<b>(4,416)</b>	<b>1,167</b>	<b>(14,707)</b>

Source: Audited financial statements of Viento Group Limited for the years ended 30 June 2013 & 2014, and unaudited management accounts for the year ended 30 June 2015.



1. The group's revenue was largely attributable to mining services. Subdivision settlement fees contributed approximately \$1 million of revenue in FY2013 and FY2014.
2. The DOCA gave effect to a share sale agreement whereby VCH has agreed to purchase the shares in VCS, VEH, KVG, and VKP. The gain on de-recognition relates to the disposal of these subsidiaries.
3. The DOCA also gave effect to an asset sale agreement whereby VCH has agreed to purchase the majority of the Company's assets. The loss on de-recognition of net assets relates to the transfer of these assets and liabilities.
4. The change in fair value at 30 June 2013 was attributable to the impairment of the Company's biological assets and investments in Kingscliff Land Unit Trust and Cudgen Joint Venture.

## 5.4.2 Financial Position

Set out below is the Company's consolidated balance sheet as at 30 June 2013, 2014 and 2015 respectively. As discussed above, the assets of Viento were sold to VCH through in FY2015 through the asset sale agreement and share sale agreement that was executed through the DOCA and therefore limited assets are held at FY2015.

\$'000	Note	FY2013	FY2014	FY2015
<b>Current assets</b>				
Cash and cash equivalents		1,340	8,021	-
Trade and other receivables		9,970	26,438	-
Inventories		720	8,400	-
Financial assets	1	1,759	6	6
Other current assets		220	1,791	-
		14,009	44,656	6
<b>Non-current assets</b>				
Trade and other receivables		384	88	-
Financial assets	2	2,635	2,669	34
Plant and equipment		16,121	17,258	-
Biological assets		-	-	-
Deferred tax assets		3,945	3,069	-
Intangible assets		164	13,072	-
Other assets		-	111	-
		23,249	36,267	34
<b>Total assets</b>		<b>37,258</b>	<b>80,923</b>	<b>40</b>
<b>Current liabilities</b>				
Trade and other payables		(7,251)	(28,049)	-
Short-term provisions		(244)	(1,213)	-
Current tax liabilities		(75)	(1,885)	-
Other current liabilities		-	(41)	-
Loans and borrowings		(4,322)	(9,137)	-
		(11,892)	(40,325)	-
<b>Non-current liabilities</b>				
Loans and borrowings		(7,074)	(18,807)	-
Deferred tax liabilities		(893)	(716)	-
Other non-current liabilities		(45)	(57)	-
Long-term provisions		(20)	(5)	-
		(8,032)	(19,585)	-
<b>Total liabilities</b>		<b>(19,924)</b>	<b>(59,910)</b>	<b>-</b>
<b>Net assets</b>		<b>17,334</b>	<b>21,013</b>	<b>40</b>
<b>Equity</b>				
Issued capital		26,437	29,646	29,250
Accumulated losses		(12,465)	(13,595)	(29,210)
Reserves		2,996	3,605	-
Minority interests		366	1,357	-
<b>Total equity</b>		<b>17,334</b>	<b>21,013</b>	<b>40</b>

Source: Audited financial statements of Viento Group Limited for the years ended 30 June 2013 & 2014, and unaudited management accounts for the year ended 30 June 2015.

1. The Company has 410,714 shares in Mount Ridley Mines (ASX code: MRD). We understand that this investment will be transferred to the creditor's trust prior to Proposed Recapitalisation.
2. The Company has interests in Kingscliff Land Unit Trust and Cudgen Joint Venture. Limited information is available in relation to these investments. We understand that there has been limited activity in relation to each of these assets in recent years and that both of these investments will also be transferred to the creditor's trust prior to the Proposed Recapitalisation.

## 5.5 Capital Structure and Ownership

Viento's issued capital prior to the consolidation, comprised of 96,371,511 (before the share consolidation, 48,185,755 after the consolidation) fully paid ordinary shares. As at 5 May 2015, the top 10 shareholders held 56.08% of the issued capital of as set out below. We understand there has been no movement in shareholding since that date.

Shareholder	Shareholding	% Total
Demol Investments Pty Ltd	13,020,000	13.51%
Hanscon Holdings Pty Ltd	10,325,768	10.71%
UBS Wealth Management	8,239,914	8.55%
Blissett Holdings Pty Ltd	4,600,000	4.77%
Koy Pty Ltd	4,352,423	4.52%
Mol Investments Pty Ltd	4,000,000	4.15%
Deluge Holdings Pty Ltd	3,660,000	3.80%
Deluge Holdings Pty Ltd	2,212,577	2.30%
Yarrangi Holdings Pty Ltd	1,883,424	1.95%
Brooks Hire Superannuation Pty Ltd	1,749,072	1.81%
<b>Top ten shareholders</b>	<b>54,043,178</b>	<b>56.08%</b>
Other	42,328,333	43.92%
<b>Total shareholders</b>	<b>96,371,511</b>	<b>100.00%</b>

Source: Share registry at 5 May 2015.

The table below summarises shareholders by size of shareholding at 5 May 2015:

Range	No. of holders	Shares	% of Total
1 – 1,000	267	77,013	0.08%
1,001 – 5,000	260	645,259	0.67%
5,001 – 10,000	127	943,259	0.98%
10,001 – 100,000	330	11,624,768	12.06%
100,001 and over	90	83,080,529	86.21%
<b>Total</b>	<b>1,074</b>	<b>96,371,511</b>	<b>100.00%</b>

Source: Share registry at 5 May 2015

### 5.6 Share Price and Volume Trading Analysis

The Company was suspended from trading on the ASX on 22 April 2015. The following chart provides a summary of the trading volumes and prices of the Company’s shares for the period 22 April 2014 to market close on 21 April 2015, being the day prior to the Company’s suspension.



The chart indicates that the closing share price of the Company traded within a range of \$0.0014 and \$0.2487 in the 12 months prior to suspension, with a closing price on 21 April 2015 of \$0.0125. The volume of the Company’s shares that were traded over the period was 62,940.

## 6. VALUATION METHODOLOGIES

### 6.1 Definition of market value

In forming our opinion as to whether or not the Proposed Recapitalisation is fair and reasonable to the Company's shareholders, we have assessed the value of the issued shares of the Company on a fair value basis. RG 111 defines fair value as the amount:

*"assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length..."*

### 6.2 Selection of Methodology

RG 111 provides guidance on the valuation methods that an independent expert should consider. These methods include:

- the discounted cash flow method and the estimated realisable value of any surplus assets;
- the application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets; and
- the amount that an alternative bidder might be willing to offer if all the securities in the target were available for purchase.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly applied in valuing such an asset and the availability of appropriate information.

In determining the fair value of the Company, we have applied the realisation of assets methodology. This was determined these to be the most appropriate methodology as:

- the Company's operations have been impacted by the external administration and recent results are not truly reflective of trading performance;
- unless the Company can find an injection of equity or assets, it will not continue to trade. As such, no forecasts can be produced to apply the discounted cash flow methodology;
- the Company's shares have not traded since the suspension on trading was placed on the shares of the Company on 22 April 2015. Therefore, the quoted market price is not an accurate reflection of the fair market value of a share in the Company; and
- there are no other offers for the Company currently under consideration.

## 7. FAIR VALUE OF THE COMPANY BEFORE TO THE PROPOSED RECAPITALISATION

The fair value of the Company on a net asset basis as at the date of the Proposed Recapitalisation is detailed below:

\$	Note	FY2015
Net assets at FY2015	1	40,000
Number of shares on issue post consolidation (see section 5.5)	3	48,185,755
<b>Fair value a share on a control basis</b>		<b>\$0.0008</b>

1. The net assets as per the financial statements (see section 5.4.2).
2. No adjustments has been made to the net asset value at FY2015 as the carrying value of shares in MRD is consistent with the current market valuation and there is limited information available in order to determine the fair value of the investment in Kingscliff Land Unit Trust and Cudgen Joint Venture. Therefore the carrying value in the financial statements has been included as an estimate of the Company's interest in these assets.
3. Pursuant to the DOCA, the Company's shares will be consolidated on a 2 for 1 basis.

## 8. FAIR VALUE OF CONSIDERATION AFTER THE PROPOSED RECAPITALISATION

Under the Proposed Recapitalisation, \$2 million will be raised through the issue of 350 million shares. Of this amount, \$600,000 will be paid to a creditor's trust, \$100,000 will go towards capital raising costs, leaving \$1.3 million to recapitalise the company. Any remaining assets in the Company prior to the Proposed Recapitalisation will be transferred to the creditor's trust.

	Note	(\$)
Net assets at FY2015		40,000
Assets to be transferred to creditor's trust	1	(40,000)
Cash consideration		2,000,000
Less: payment to creditor's trust as per DOCA		(600,000)
Less: capital raising costs		(100,000)
<b>Net realisable value of the Company on a control basis</b>		<b>1,300,000</b>
Minority discount	2	20%
<b>Net realisable value of the Company on a minority basis</b>		<b>1,040,000</b>
Number of shares on issue post consolidation (see section 5.5)		48,185,755
Add: shares issued to as part of Proposed Recapitalisation		350,000,000
<b>Total shares issued after Proposed Recapitalisation</b>		<b>398,185,755</b>
<b>Fair value a share on a minority basis</b>		<b>\$0.0026</b>

1. Assets held prior to the Proposed Recapitalisation will be transferred to the creditors' trust.
2. The net realisable value reflects a controlling interest in the Company. Therefore a minority discount has been applied.

## 9. ASSESSMENT OF FAIRNESS

As discussed in section 4, in determining whether the transaction is fair to the Company's shareholders, we have compared the fair value of a share in the Company on a control basis before the Proposed Recapitalisation to the fair value of a share in the Company on a minority basis after the Proposed Transaction. This is summarised below:

	Value (\$)
Fair value a share on a control basis before the Proposed Recapitalisation	\$0.0008
Fair value a share on a minority basis after the Proposed Recapitalisation	\$0.0026

As the fair value of a share after the Proposed Recapitalisation is greater than the fair value of a share on a control basis prior to the Proposed Recapitalisation **we have concluded that the Proposed Recapitalisation is fair.**

## 10. ASSESSMENT OF REASONABLENESS

### 10.1 Approach to assessing Reasonableness

In forming our conclusions in this Report, we have compared the advantages and disadvantages to shareholders if the Proposed Recapitalisation proceeds.

### 10.2 Advantages of the transaction

We outline below potential advantages of the Proposed Recapitalisation:

Advantage	Explanation
<b>The Company is in administration and the Proposed Recapitalisation provides shareholders with the potential to realise some value for their shares</b>	<p>The Proposed Recapitalisation provides a situation in which existing shareholders can realise some value in their shares.</p> <p>As the Company is in external administration, there is limited means through which this could otherwise occur.</p>
<b>There is potential to have the Company's shares requoted on the ASX</b>	<p>Whilst the Company has no immediate intentions to requote on the ASX, the Company has until 22 April 2018 in which to lift the suspension of trading in the Company's securities before it is de-listed. During this period Arowana intends to assist the Company to identify and acquire a suitable business.</p>
<b>The Proposed Recapitalisation provides access to further funding opportunities for the Company</b>	<p>Immediately following the Recapitalisation the Post Recapitalisation Issue is planned to raise further working capital for the Company. If this occurs, Arowana's influence will be diluted to a minimum of 21% and a maximum of 29%.</p>

### 10.3 Disadvantages of the transaction

We outline the following potential disadvantages of the Proposed Recapitalisation:

Disadvantage	Explanation
<b>Arowana's interest in the Company will be a minimum of 31% and a maximum of 44% giving it significant influence over the Company</b>	<p>If the Proposed Recapitalisation is successful, Arowana will have significant influence over the Company and therefore will influence the strategic direction of the Company.</p>
<b>Arowana will have control of the Board through the appointment of directors who will remain on the Board if the Proposed Recapitalisation proceeds</b>	<p>Arowana has appointed three directors to the board in advance of the Proposed Recapitalisation. Should the Proposed Recapitalisation proceed, they will remain on the board providing Arowana with further influence over the Company.</p>

### 10.4 Alternatives to the transaction

We have been advised that there are no other alternatives to the Proposed Recapitalisation.

### 10.5 Implications of the transaction not proceeding

If the Proposed Recapitalisation is not approved then the Company will remain suspended from the Official List and the Administrator will need to consider the next steps.

#### 10.6 Conclusion as to Reasonableness

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

As the Proposed Recapitalisation is fair and, taking into account other significant factors, **we have concluded that the Proposed Recapitalisation is reasonable.**

#### 11. OPINION

**Accordingly, in our opinion, the Proposed Recapitalisation is fair and reasonable to the Company's shareholders.**

The ultimate decision on whether to approve the Proposed Recapitalisation should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Shareholder Booklet, and consider their own specific circumstances before voting in favour of or against the Proposed Recapitalisation.



## APPENDIX A – GLOSSARY

Term	Definition
<b>Arowana</b>	Arowana Australasian Special Situations Fund 1 Pty Limited
<b>ASIC</b>	Australia Securities and Investment Commission
<b>ASX</b>	Australian Securities Exchange
<b>Company or Viento</b>	Viento Group Limited (Subject to Deed of Company Arrangement) (ACN 000 714 054)
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Creditors' Trust</b>	The trust under which the Deed Administrators are obliged to hold the funds for the benefit of the Company's creditors.
<b>Deed Administrators</b>	Richard Albarran, Brent Kijurina and Cameron Shaw
<b>Directors</b>	The directors of the Company, being Michael Hui, John Knights and Georgina Varley
<b>DOCA</b>	Deed of Company Arrangement between the Company, Arowana and the Deed Administrators
<b>FSG</b>	Financial Services Guide
<b>FY2013</b>	the financial year ended or as at 30 June 2013
<b>FY2014</b>	the financial year ended or as at 30 June 2014
<b>FY2015</b>	the financial year ended or as at 30 June 2015
<b>Group</b>	The Company and its subsidiaries
<b>KVG</b>	KVG Contracting Services Pty Ltd
<b>NCFS</b>	Nexia Court Financial Solutions Pty Ltd (AFSL 247300)
<b>Proposed Recapitalisation</b>	Arowana's proposal to restructure the company through a Deed of Company Arrangement and a Creditors' Trust Deed. Under the proposal, the Company will undertake 1:2 consolidation of all existing securities and raise \$2 million by issuing 350 million new shares. Arowana will subscribe for up to 174,999,999 of those shares.
<b>Report</b>	Independent Expert's Report
<b>RG 111</b>	ASIC Regulatory Guide 111: Content of expert Reports
<b>RG 74</b>	ASIC Regulatory Guide 74: Acquisitions approved by members
<b>Shareholder Booklet</b>	Document to be sent to shareholders on or about the date of this Report in which this Report is included
<b>VCH</b>	VCS Holdings (Aust) Pty Ltd
<b>VEH</b>	Viento Equipment Hire Pty Ltd
<b>VKP</b>	Viento Kimberley Pipelines Pty Ltd

## **APPENDIX B - SOURCES OF INFORMATION**

- APES 225 – Valuation Services
- Australia Securities and Investment Commission's (ASIC) database
- Audited financial statements of the Company for the years ended 30 June 2013 & 2014
- Unaudited management accounts of the Company for the year ended 30 June 2015
- Regulatory Guide 74: Acquisitions approved by members
- Regulatory Guide 111: Content of expert Reports
- Regulatory Guide 112: Independence of expert's Reports
- Draft Shareholder Booklet prepared by the Company
- Deed of Company Arrangement between the Company and the Deed Administrators dated 9 July 2015, as varied by the Deed of Variation between the Company, Arowana and the Deed Administrators..

## **APPENDIX C - STATEMENT OF DECLARATION & QUALIFICATIONS**

### **Confirmation of Independence**

Prior to accepting this engagement Nexia Court Financial Solutions Pty Ltd ("NCFS") determined its independence with respect to the Company and DE Digital with reference to ASIC Regulatory Guide 112: Independence of expert's Reports ("RG 112"). NCFS considers that it meets the requirements of RG 112 and that it is independent of the Company and DE Digital.

Also, in accordance with s648(2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with the Company, its related parties or associates that would compromise our impartiality.

Mr Brent Goldman, authorised representative of NCFS, has prepared this Report. Neither he nor any related entities of NCFS have any interest in the promotion of the Proposed Recapitalisation nor will NCFS receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this Report. Our fee is not contingent upon the success or failure of the Proposed Recapitalisation, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, NCFS does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

NCFS provided a draft copy of this Report to the Directors and management of the Company for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of NCFS alone. Changes made to this Report, as a result of the review by the Directors and management of the Company, have not changed the methodology or conclusions reached by NCFS.

### **Reliance on Information**

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report NCFS has relied upon information provided on the basis it was reliable and accurate. NCFS has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. NCFS evaluated the information provided to it by the Company, as well as other parties, through enquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its Report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards. NCFS does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix B of this Report.

### **Qualifications**

NCFS carries on business at Level 16, 1 Market Street, Sydney NSW 2000. NCFS holds Australian Financial Services Licence No 247300 authorising it to provide financial product advice on securities to retail clients. NCFS's representatives are therefore qualified to provide this Report.

Brent Goldman specifically was involved in the preparing and reviewing this Report. Brent Goldman is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Business Valuation Specialist of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Financial Services Institute of Australasia. He has over 15 years of corporate finance experience in both Australia and the UK.

### **Consent and Disclaimers**

The preparation of this Report has been undertaken at the request of the Directors of the Company. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the Report should be used for any other purpose than to accompany the Shareholders Booklet to be sent to the Company's shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of NCFS's opinion as to whether or not the Proposed Recapitalisation is fair and reasonable to the Company's shareholders.

NCFS consent to the issue of this Report in the form and context in which it is included in the Shareholders Booklet to be sent to the Company's shareholders.

Shareholders should read all documents issued by the Company that consider the Proposed Recapitalisation in their entirety, prior to proceeding with a decision. NCFS had no involvement in the preparation of these documents, with the exception of our Report.

This Report has been prepared specifically for the shareholders of the Company. Neither NCFS, nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of the Company, in respect of this Report, including any errors or omissions howsoever caused. This Report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards.

Our opinions are based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of this Report, our conclusions and opinions may differ from those stated herein. There is no requirement for NCFS to update this Report for information that may become available subsequent to its date.

## APPENDIX D - VALUATION METHODOLOGIES

In preparing this Report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- the discounted cash flow method;
- the capitalisation of earnings method;
- asset based methods; and
- analysis of share market trading.

### Discounted Cash Flow Method

#### Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- a forecast of expected future cash flows;
- an appropriate discount rate; and
- an estimate of terminal value.

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under capitalisation of future maintainable earnings below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

### Use of the Discounted Cash Flow Method

A discounted cash flow approach is usually preferred when valuing:

- early stage companies or projects;
- limited life assets such as a mine or toll concession;
- companies where significant growth is expected in future cash flows; or
- projects with volatile earnings.

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if reliable forecasts of cash flow are not available and cannot be determined.

### **Capitalisation of Earnings Method**

#### Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- a level of future maintainable earnings; and
- an appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

**Revenue** – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

**EBITDA** - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

**EBIT** - in most cases EBIT will be more reliable than EBITDA as it takes account of the capital intensity of the business.

**NPAT** - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT value the whole businesses, or its enterprise value irrespective of the gearing structure. NPAT (or P/E) values the equity of a business

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources.

Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX or the NSX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. In Australia this has been called the comparable transaction methodology.

### Use of the Capitalisation of Earnings Method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- there are no suitable listed company or transaction benchmarks for comparison;
- the asset has a limited life;
- future earnings or cash flows are expected to be volatile; or
- there are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets.

### **Asset Based Methods**

#### Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- orderly realisation;
- liquidation value;
- net assets on a going concern basis;
- replacement cost; and
- reproduction cost.

The orderly realisation of assets method estimates Fair Market Value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame.

Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimate the market values of the net assets of a company but do not take account of realisation costs.

The asset / cost approach is generally used when the value of the business's assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

### Use of Asset Based Methods

An asset-based approach is a suitable valuation method when:

- an enterprise is loss making and is not expected to become profitable in the foreseeable future;
- assets are employed profitably but earn less than the cost of capital;
- a significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments); or
- it is relatively easy to enter the industry (for example, small machine shops and retail establishments).

Asset based methods are not appropriate if:

- the ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets; or
- a business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets.

### **Analysis of Share Trading**

The most recent share trading history provides evidence of the Fair Market Value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.



# VIENTO GROUP LTD

## All Correspondence to:

-  **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:30am AEST on Tuesday 21 June 2016.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the 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.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark 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 securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:30am AEST on Tuesday, 21 June 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
-  **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Your Address**  
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Viento Group Ltd** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **Level 11, 153 Walker Street, North Sydney NSW 2060 at 11:30am** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

**STEP 2 VOTING DIRECTIONS**  
\* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Election of Kevin Chin as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Conor Byrne as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Michael Hui as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of John Knights as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Consolidation of the Company's Existing Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Arowana Related Entities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares to Other Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Shares to Other Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SHAREHOLDERS**  
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2016