



SVC Group Limited

ACN 009 161 522

Level 9, 5 Hunter Street
Sydney, NSW 2000

Company Announcements Supervision
Australian Securities Exchange
20 Bond Street
Sydney
NSW 2000

26th March 2012

Attention: Companies Officer

Lodgement of Prospectus

Please find attached a copy of the Company's Prospectus for the issue of 85,000,000 post-Consolidation shares at \$0.02 each to raise up to \$1,700,000. This prospectus was lodged with the Australian Securities and Investment Commission on the 23rd of March 2012.

Yours faithfully,

Richard Pritchard
Chairman and joint Company Secretary
SVC Group Limited



SVC Group Limited

ACN 009 161 522

PROSPECTUS

For the offer and issue of up to 85,000,000 shares at \$0.02 each to raise up to \$1,700,000.

THE OFFER IS NOT UNDERWRITTEN

THE OFFER IS SUBJECT TO CONDITIONS

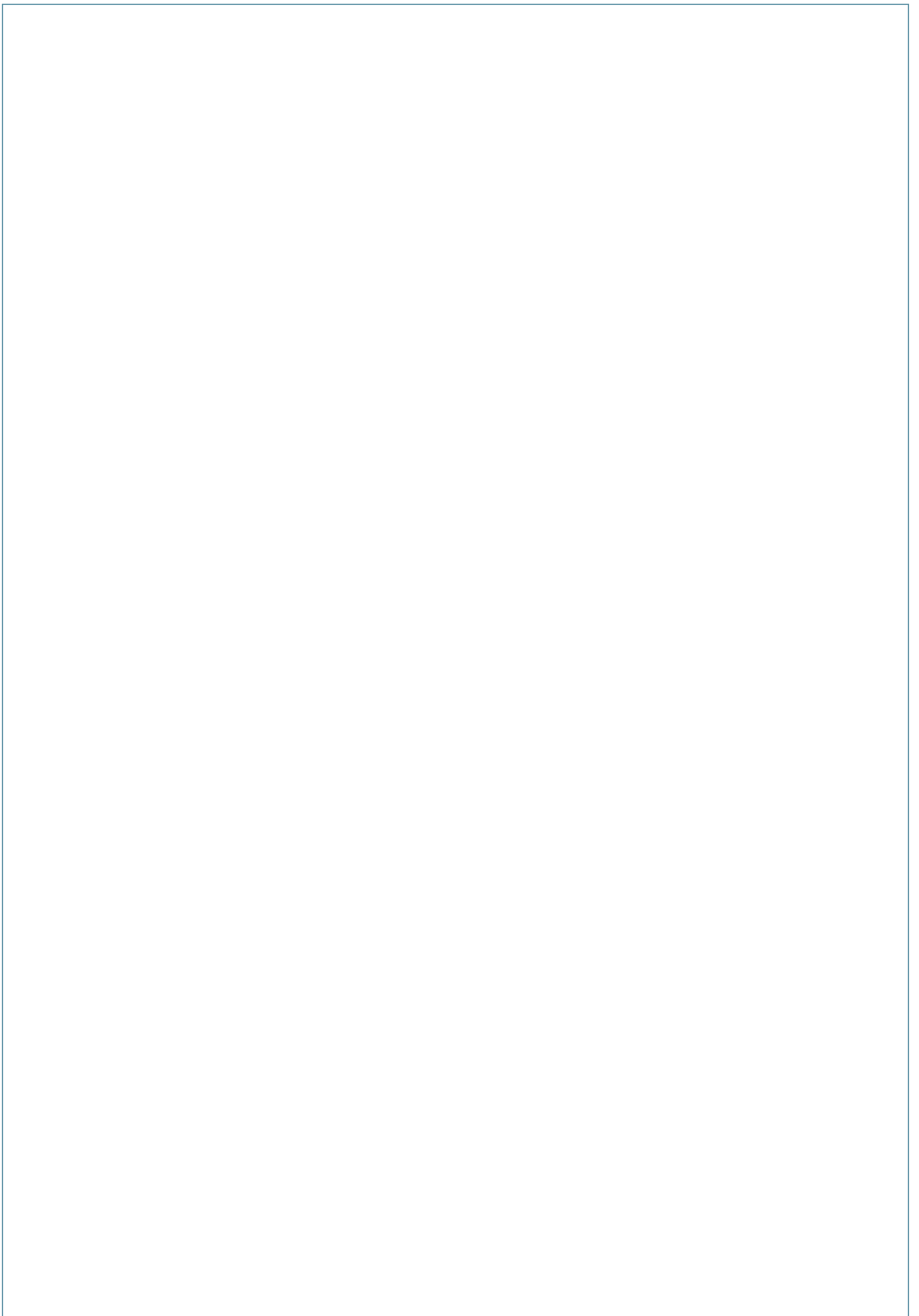
This Offer is subject to the certain events occurring. Please refer to Section 3.2 of this Prospectus for further details.

IMPORTANT NOTICE

This is an important document and investors should read the document in its entirety and are advised to consult with their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

Any investment in the Company under this Prospectus should be considered speculative in nature and prospective investors should be aware that they may lose some or all of their investment.

This prospectus is dated 23 March 2012.



CONTENTS

Important information	2
Corporate directory	4
1 Chairman's letter	5
2 Investment overview	7
3 Details of the Offer	13
4 Background and company overview	19
5 Directors and corporate governance	23
6 Pro forma financial information	27
7 Material contracts	43
8 Risk factors	47
9 Additional information	51
10 Directors' authorisation	55
11 Glossary	56
Application Form	59

IMPORTANT INFORMATION

This prospectus (Prospectus) is dated 23 March 2012 and was lodged with ASIC on that date. ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued pursuant to this Prospectus later than 23 April 2013, which is 13 months after the date of this Prospectus. No shares will be issued pursuant to this Prospectus prior to 3 April 2012.

Persons wishing to apply for Shares pursuant to the Offer must do so using the Application Form attached to or accompanying this Prospectus. Before deciding to invest in the Company, potential investors should carefully read the entire Prospectus and, in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance of the Company. Investors should carefully consider these factors in light of their own personal circumstances (including financial and taxation issues). Refer to Sections 2.10 and 8 of this Prospectus for details relating to risk factors. Investors should seek professional advice from an accountant, stockbroker, lawyer or other professional advisor before deciding to invest.

Any investment in the Company under this Prospectus should be considered speculative in nature and prospective investors should be aware that they may lose some or all of their investment. Applicants should read this document in its entirety. A copy of this Prospectus may be obtained free of charge from the Company.

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

The Offer of Shares made pursuant to this Prospectus is not made to persons to which, or in places in which, it would not be lawful to make such an offer of securities. No action has been taken to register the Offer or otherwise permit the Offer to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

This Prospectus will also be issued as an electronic prospectus. A copy of this Prospectus can be downloaded from the website of the Company at **www.svcgroup.com.au**. Any person accessing the electronic version of this Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person any of the Application Forms in connection with the Offer unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

A number of terms and abbreviations used in this Prospectus have defined meanings, which appear in Section 11 of this Prospectus.

Exposure Period

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of seven days from the date of lodgement of the Prospectus with ASIC. This period may be extended by ASIC for a further period of seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds, which examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, applications received during the Exposure Period will be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until the expiry of the Exposure Period. No preference will be conferred upon applications received in the Exposure Period.

CORPORATE DIRECTORY

Directors

Richard Pritchard (Non-Executive Chairman)
Allen Lance Govey (Non-Executive Director)
Anthony Crimmins (Non-Executive Director)

Company Secretary

Brett Crowley (Company Secretary)
Richard Pritchard (joint Company Secretary)

Registered Office

Level 9, 5 Hunter Street
SYDNEY NSW 2000

Telephone: 02 8021 8498
Facsimile: 02 9571 8200

Website: www.svcgroup.com.au
Email: info@svcgroup.com.au

Corporate Advisor

Alto Capital
Level 1, Churchill Court
Subiaco WA 6008

Australian Financial Services (AFS)
License Number: 279099

Telephone: 02 9223 9888
Facsimile: 02 9221 0488

Auditors*

Prosperity Advisers
580 George Street
SYDNEY NSW 2000

Telephone: 02 9261 2288
Facsimile: 02 8026 8377

Share Registry*

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

ASX Code

SVC (currently suspended)

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

1 CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board of Directors of SVC Group Limited (**SVC** or **Company**), I am pleased to present this Prospectus to you.

SVC is a developer of retirement and low cost housing, in the form of retirement villages, and manufactured housing estates. Retirement villages and manufactured housing estates are a form of affordable accommodation. Many estates have comprehensive facilities and amenities and are situated on rivers, bays or coastlines. Within such estates, the purchaser buys their own dwelling but leases the land on which it sits.

SVC has entered into a Joint Venture Agreement (**JV Agreement**) (see Sections 4.3 and 7.3) with Coast and Country Developments Pty Limited (**CCD**) to develop a Hunter Valley property into 70 pre-manufactured cabin-style homes. The property is adjacent to an existing manufactured village owned by CCD.

Under the terms of the JV Agreement, SVC will lodge a development application in accordance with New South Wales state and local government guidance and technical requirements, facilitate the purchase of pre-manufactured homes by each home purchaser from the home manufacturer, and manage siting of the homes and connection of services. The joint venture aims to sell the cabins and lease the land on which they are located. In exchange for its services, SVC will look to recoup its costs from the sale of the cabins and receive 80% of any remaining profits from the sale of the cabins. SVC does not retain any other rights over the properties and will not receive rental or any other ongoing fees.

The purpose of this Offer is to raise up to \$1,700,000 at \$0.02 per share to:

- (a) settle the Company's outstanding debts (see Section 2.3);
- (b) fulfil SVC's obligations under the JV Agreement;
- (c) facilitate re-quotation on ASX of SVC's existing Shares and the Shares offered pursuant to this Prospectus;
- (d) provide capital for the investigation of new investment opportunities; and
- (e) pay for the costs of this Offer.

It is important that you read this Prospectus before making a decision as to whether this Offer is suitable to you. You should carefully consider the risks associated with this Offer, which are described in detail in Section 8. These risks include failure to obtain the regulatory approvals required to proceed with the development or delays in obtaining such approvals, failure to comply with government regulations or conditions imposed on any regulatory approvals, development risks including delays, cost overruns or property market price changes, future requirements for additional capital to complete the Company's planned development, insolvency of the Company's joint venture partner, and legislative changes such as a change to the allowable rate of depreciation on cabin homes. Any of these risks could have a significant materially adverse effect on the Company's financial performance and consequently its Share price. You should also seek the advice of your professional adviser.

Prospectus

Should you choose to make an investment, the Directors join me in offering you the opportunity to participate in the ownership of SVC and we look forward to welcoming you as a Shareholder.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Wyn Pritchard', written in a cursive style.

Richard Wyn Pritchard
23 March 2012

2 INVESTMENT OVERVIEW

2.1 Important notice

This section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

2.2 Company objectives

The strategic objectives of the Company are to:

- (a) settle its outstanding debts (see Section 2.3 below);
- (b) successfully close this Offer of up to 85,000,000 Shares at \$0.02 each to raise up to \$1,700,000, with a minimum subscription of 75,000,000 Shares at \$0.02 each to raise a minimum of \$1,500,000;
- (c) satisfy the requirements of ASX for re-quotation of the Company's existing Shares, which have been suspended from trading since October 2008, and the Shares offered pursuant to this Prospectus;
- (d) fulfil its obligations under the Hunter Valley JV Agreement, with a view to generating profits for Shareholders from the Company's contribution to the joint venture;
- (e) explore other projects in the manufactured home village sector, including mining accommodation, retirement accommodation, and conducting a thorough review of several undeveloped, partly developed and fully developed sites on the market, with a view to assessing their economic viability as potential acquisitions by the Company; and
- (f) continue to develop the Company's core property development business.

2.3 Outstanding debts

As at 31 December 2011, the Company had current liabilities of \$768,178 and assets of \$108,877 (see Section 6.2). As at the date of this Prospectus, the Company has subsequently converted \$199,400 of its liabilities into equity through the issue of 39,880,000 of its pre-Consolidation Shares, leaving the Company with current liabilities as at the date of this prospectus of approximately \$568,778. The Company has also issued 28,634,654 pre-Consolidation Shares to raise capital of \$42,952, which has been used as working capital. In accordance with a Deed of Settlement and Release with one of the Company's creditors, as described in Section 7.2, the Company will be able, following successful re-admission to the official list of ASX, to issue further equity in consideration of a further \$200,000 of the outstanding liabilities of \$568,778.

The Company plans to settle the remaining liabilities of \$368,778 using funds raised from this Offer.

2.4 Indicative timetable

The anticipated date of quotation of the Shares on ASX is subject to ASX approval. The dates shown in the table below are indicative only and may vary. The Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as

possible after the Offer opens. The Company also reserves the right not to continue with the Offer at any time before the allotment of Shares to successful applicants.

Lodgment of this prospectus with ASIC	23 March 2011
Opening Date of Offer	30 March 2011
Closing Date of Offer	30 April 2011
Allotment of Shares under Offer	5 May 2011
Dispatch of holding statement	6 May 2011
Commencement of trading of Shares on ASX	7 May 2011

The allotment of Shares under the Offer and dispatch of holding statements will occur as soon as practicable after the Prospectus closes. Refer to Section 2 for further details.

2.5 Purpose of the Offer and use of proceeds

The purpose of the Offer is to raise additional capital to:

- (a) settle its outstanding debts
- (b) fulfil the Company's obligations under the Hunter Valley JV Agreement;
- (c) complete a comprehensive review of new investment opportunities;
- (d) provide the Company with additional working capital; and
- (e) pay the costs of the Offer.

The Offer will also assist the Company to re-comply with the ASX Listing Rules (see Section 3.2(b) for details).

If fully subscribed, the gross proceeds raised under the Offer will be \$1,700,000, before costs.

Under the Hunter Valley JV Agreement, the Company, subject to Council approval and discussion with the joint venture partner, intends to develop approximately 70 manufactured cabins over three stages, with 20–25 cabins per stage. The budgeted total cost of the Company's obligations under the joint venture is approximately \$21,500 per cabin, comprising infrastructure required prior to siting of the pre-manufactured cabins. The Company will not purchase cabins but act as an intermediary between the cabin purchaser and the cabin manufacturer, reducing the Company's capital requirements.

If the minimum subscription of \$1,500,000 is raised, the Company intends to pay current liabilities of approximately \$370,000, and construct Stage 1, comprising 20–25 homes, and await the sale of at least 60% of the Stage 1 homes before using the resulting proceeds to commence construction of Stage 2. If the maximum subscription of \$1,700,000 is raised, the Company intends to pay current liabilities of approximately \$370,000, and begin the construction of Stage 2 prior to a return of capital from sales of Stage 1 cabins, thus fast tracking the development process and the potential returns to the Company.

If the minimum subscription of \$1,500,000 is raised, the Company intends to apply the funds raised from the Offer as follows:

Prospectus

	Year 1	Year 2	Total
	(\$)	(\$)	(\$)
Pay Current Liabilities	370,000	–	370,000
Hunter Valley Joint Venture—Stage 1	200,000	300,000	500,000
Hunter Valley Joint Venture—Stage 2	–	–	–
Working capital	170,000	180,000	350,000
Capital to search and review new investment opportunities	200,000	–	200,000
Expenses associated with the Offer*	80,000	–	80,000
Total	1,020,000	480,000	1,500,000

* Expenses associated with the Offer are detailed in Section 9.7.

If the maximum subscription of \$1,700,000 is raised, the Company intends to apply the funds raised from the Offer as follows:

	Year 1	Year 2	Total
	(\$)	(\$)	(\$)
Pay Current Liabilities	370,000	–	370,000
Hunter Valley Joint Venture—Stage 1	200,000	300,000	500,000
Hunter Valley Joint Venture—Stage 2	–	180,000	180,000
Working capital	170,000	180,000	350,000
Capital to search and review new investment opportunities	200,000	–	200,000
Expenses associated with the Offer*	100,000	–	100,000
Total	1,040,000	660,000	1,700,000

* Expenses associated with the Offer are detailed in Section 9.7.

Although the Directors are satisfied that, upon completion of the Offer, the Company will have sufficient working capital to meet its stated objectives, investors should be aware that the Company may use and expend its cash reserves more quickly than contemplated. This may or may not leave the Company in a negative cash flow situation, which may ultimately affect the value of the Company's Shares.

Furthermore, any future investments that may be contemplated by the Company may exceed the current or projected working capital of the Company. Accordingly, any such acquisition may need to be funded by debt and/or equity issues, as required (subject to Shareholder approvals if required).

2.6 Capital structure

Set out in the table below is a summary of the capital structure of the Company before and after completion of the Offer, assuming the minimum subscription is achieved.

Fully paid ordinary Shares	Shares (minimum subscription)	Proportion (undiluted)
		(%)
Shares on issue at the date of this Prospectus	28,638,548	22.4
Shares to be issued to Alto Capital (see Section 7.4)	24,000,000	18.8
Minimum number of Shares offered pursuant to the Offer	75,000,000	58.8
Total Shares on issue at completion of the Offer	127,638,548	100.0

Set out in the table below is a summary of the capital structure of the Company before and after completion of the Offer, assuming the maximum subscription is achieved.

Fully paid ordinary Shares	Shares (maximum subscription)	Proportion (undiluted)
		(%)
Shares on issue at the date of this Prospectus	28,638,548	20.8
Shares to be issued to Alto Capital (see Section 7.4)	24,000,000	17.4
Maximum number of Shares offered pursuant to the Offer	85,000,000	61.8
Total Shares on issue at completion of the Offer	137,638,548	100.0

2.7 Substantial Shareholders

A person will have a substantial holding of Shares if the voting rights attaching to the Shares in which that person or their associates have relevant interests is 5% or more of the total number of votes attached to all voting Shares of the Company. The following persons are substantial Shareholders of the Company at the date of this Prospectus.

Name	Number of Shares held	Proportion of total
		(%)
Mr Richard Wyn Pritchard	1,741,854	6.08
Mr Boris Patkin	1,428,572	5.95

2.8 Corporate advisor

2.8.1 Corporate Advisory Agreement with Alto Capital

The Company has entered into a corporate advisory agreement with Alto Capital (see Section 7.4 for details). Alto Capital has provided professional advice on the structuring of the Offer. Under the agreement, Alto Capital will also assist with the marketing of the Offer, and will assist over a 12

month period with the assessment of possible acquisitions and advise on any further capital raising that may be considered.

Key terms

Under the terms of the corporate advisory agreement, Alto Capital will:

- (a) provide assistance in the marketing of the Offer;
- (b) assist in the presentation of the Company's business to brokers;
- (c) advise on input to documents such as presentations;
- (d) participate in Offer-related meetings;
- (e) produce a short list of interested brokers; and
- (f) market the Offer to its own clients, who it reasonably believes might be appropriate to accept the Offer.

In return, SVC will pay to Alto Capital, upon satisfaction of the requirements of ASX for re-quotation of the Company's Shares and the Shares under the Offer:

- (g) 3% of all funds raised; and
- (h) 6% of any amounts raised from its own clients; and additionally
- (i) 24,000,000 shares as approved by Shareholders at the General Meeting held on 23 March 2012.

2.9 Management Consultancy Agreement with Richard Pritchard

The Company has entered into a Management Consultancy Agreement with Mr Richard Pritchard (see Section 7.4.2(c)), a current Non-Executive Director and joint Company Secretary of the Company, to oversee the operation and implementation of the Hunter Valley joint venture. The Board is of the view that Mr Pritchard has the skills and experience required to take on this responsibility and considers the benefits that will accrue to Mr Pritchard under this agreement to be reasonable given the time and effort required and in view of Mr Pritchard's qualifications and experience. The Board took reasonable steps to deal with Mr Pritchard at arm's length and does not consider this transaction to require Shareholder approval for the purposes of Chapter 2E of the Corporations Act 2001, since the benefit represents reasonable remuneration as an officer of the Company. Costs of engaging Mr Pritchard are incorporated into the costs of the Hunter Valley joint venture as detailed in Section 2.5 above.

2.10 Key risks

As with any share investment, there are risks associated with investing in the Company. The identified principal risks that could affect the performance of the Company are detailed in Section 8 of this Prospectus. The Shares on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice. It is possible that investors may lose some or all of their investment.

The Company has applied to ASX for quotation of the securities offered under this Prospectus in accordance with Section 711(5)(b).

Prospectus

Key risks that investors should consider include the following:

- ▶ failure to obtain regulatory approvals or delays in obtaining such approvals;
- ▶ failure to comply with government regulations or conditions imposed on any regulatory approvals;
- ▶ failure to sell properties at a price that is sufficient to recoup costs;
- ▶ other development risks including delays or cost overruns;
- ▶ future requirements for additional capital to complete the Company's planned development;
- ▶ failure of SVC to meet its obligations under the joint venture, causing withdrawal of the joint venture partner and termination of the joint venture;
- ▶ insolvency of the Company's joint venture partner;
- ▶ legislative changes such as a change to the allowable rate of depreciation on cabin homes.

Any of these risks could have a significant materially adverse effect on the Company's financial performance and consequently its Share price.

3 DETAILS OF THE OFFER

3.1 The Offer

The Offer is for up to 85,000,000 Shares at an issue price of \$0.02 per Share to raise up to \$1,700,000 before expenses of the Offer.

If you wish to subscribe for Shares under the Offer, please complete an Application Form.

The Shares to be issued pursuant to this Prospectus are of the same class and will rank equally in all respects with the existing Shares in the Company. The rights attaching to the Shares are further described in Section 9.2 of this Prospectus.

Applications under the Offer must be for a minimum of 25,000 Shares and thereafter in multiples of 5,000 Shares, and can only be made by completing the relevant Application Form attached to or accompanying this Prospectus. No brokerage, stamp duty or other costs are payable by applicants in respect of an application for Shares under this Prospectus.

The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number for which the applicant has applied.

A maximum total of 85,000,000 Shares will be issued under the Offer. The Offer is subject to a minimum subscription level of 75,000,000 Shares. Applications for Shares must be made on the Application Form accompanying this Prospectus and received by the Company on or before the Closing Date.

3.2 Conditional offer

The satisfaction of each of the conditions below (**Conditions**) is a requirement for the allotment of Shares under this Prospectus. If any of the Conditions to the Offer is not satisfied within three months after the date of this Prospectus, no Shares will be issued. Application monies will be refunded in full without interest in accordance with the Corporations Act.

The securities of SVC were suspended from trading on ASX on 1 October 2008. The Company has received from ASX a list of conditions required to be met in order to be reinstated to trading on ASX, which are included in the Conditions below.

The Offer is conditional on:

- (a) The minimum subscription under the Prospectus being achieved; and
- (b) The Company satisfying the conditions required by ASX for the Company to be reinstated to ASX. These conditions are:
 - (i) The provision of a review pro-forma balance sheet;
 - (ii) The provision of a list of commitments consistent with the Company's business objectives to spend at least half of its cash and assets in a form readily convertible to cash on the Hunter Valley joint venture. The business objectives must be clearly stated and include an expenditure program;

Prospectus

- (iii) The provision of a statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number and percentage of each class of securities held by those Shareholders;
- (iv) The Company having at least 300 Shareholders holding a marketable parcel of Shares (i.e. a parcel of Shares with a value of at least \$500);
- (v) Lodgement of any outstanding periodic reports, including the following:
 - (I) the half year report and financial statements for the period ended 31 December 2008;
 - (II) the half year report and financial statements for the period ended 31 December 2009; and
 - (III) the half year report and financial statements for the period ended 31 December 2010; and
- (vi) The payment of outstanding debts owing to ASX, totalling \$33,612.

As at the date of the Prospectus, the Company has satisfied all of conditions (b)(i)–(vi).

3.3 Applications

If you wish to participate in the Offer, you should complete the Application Form accompanying this Prospectus. Applicants may apply for a minimum parcel of 25,000 Shares, representing a minimum investment of \$500. Applicants seeking additional Shares must apply thereafter for Shares in multiples of 5,000 Shares (equivalent to \$100). All applications must be completed in accordance with the detailed instructions provided on the Application Form and be accompanied by a cheque or bank cheque drawn and payable on an Australian bank and made payable to 'SVC Group Limited—Subscription Account' (**Subscription Account**) and should be crossed 'Not Negotiable'. No brokerage or stamp duty is payable. Completed Application Forms and accompanying cheques must be received by the Company before 5.00pm Sydney Time on the Closing Date by being mailed to the following address:

SVC Group Limited
GPO Box N723 Grosvenor Place
SYDNEY NSW 1220

All application monies received with duly completed Application Forms will be paid into the Subscription Account in accordance with the requirements set out in Section 3.8 of this Prospectus.

The Company must, subject to the Conditions set out in Section 3.2 being met and the requirements set out in Section 3.7 of this Prospectus, deal with the application monies held in the Subscription Account in accordance with the following instructions of the Directors:

- ▶ Transfer all of the application monies received under this Prospectus and held in the Subscription Account to the Company; and
- ▶ Allot and issue the Shares offered under this Prospectus.

An original, completed and lodged Application Form together with a cheque for the application monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application

Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Application Form is final; however, an applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the application monies.

Applicants are encouraged to lodge their Application Forms as soon as possible, as the Offer may close early without notice.

3.4 Minimum subscription

The minimum level of subscription pursuant to the Offer is \$1.5 million (**Minimum Subscription**).

No Shares under the Offer will be allotted or issued by the Company until the Minimum Subscription has been achieved. If the Minimum Subscription has not been reached within three months from the date of this Prospectus, all applications and application monies will be dealt with in accordance with the requirements of the Corporations Act. The minimum subscription must be raised before the quotation of the securities on ASX can occur.

No oversubscriptions will be accepted.

3.5 Offer not underwritten

The Offer is not underwritten. The Offer does not have a sponsoring broker. The Company will pay a 3% management fee to Alto Capital on all capital raised and a fee of up to 6% of the value of the Shares to holders of an AFSL licence in respect of Shares placed to their clients.

3.6 Capital structure

Set out in the table below is a summary of the capital structure of the Company before and after completion of the Offer, assuming the minimum subscription is achieved.

Fully paid ordinary Shares	Shares (minimum subscription)	Proportion (undiluted)
		(%)
Shares on issue at the date of this Prospectus	28,638,548	22.4
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Total Shares on issue at completion of the Offer	127,638,548	100.0

Set out in the table below is a summary of the capital structure of the Company before and after completion of the Offer, assuming the maximum subscription is achieved.

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Maximum number of Shares offered pursuant to the Offer	85,000,000	61.8
Total Shares on issue at completion of the Offer	137,638,548	100.0

3.7 Allocation and allotment of Shares

The Directors reserve the right to reject any application or to allot a lesser number of Shares than that applied for pursuant to the Offer. If the number of Shares allocated is less than that applied for, or no allotment is made, the application monies or the surplus application monies will be promptly refunded without interest.

Subject to the conditions of the Offer (see Section 3.2), the allotment of shares will occur as soon as possible after the Closing Date. All Shares issued pursuant to the Offer will rank equally in all respects with the existing Shares of the Company. Statements of shareholding will be dispatched as soon as possible after the Closing Date as required by ASX. It is the responsibility of the applicant to determine their allocations prior to trading in the Shares.

Applicants who sell Shares before they receive their statement of shareholding will do so at their own risk.

3.8 Application monies to be held in trust

The application monies for Shares to be issued pursuant to the Offer will be held in the Subscription Account on behalf of applicants until the Shares are allotted. If the Offer is not fully subscribed within a period of three months from the date of this Prospectus, the application monies will be refunded in full without interest, and no Shares will be allotted pursuant to this Prospectus. All interest earned on application monies (including those which do not result in allotment of Shares) will be retained by the Company.

3.9 ASX reinstatement

The Company's shares were suspended from trading on ASX on 1 October 2008.

Subject to, and in accordance with, the Conditions (see Section 3.2), the Company will apply to ASX no later than seven days from the Closing Date of this Prospectus to have the Shares to be issued pursuant to this Prospectus quoted on the Official List of ASX.

If approval for quotation of the Shares on the Official List of ASX is not granted within three months after the date of this Prospectus, the Company will not allot or issue any Shares, and application monies will be refunded in full without interest in accordance with the Corporations Act.

Neither ASX nor ASIC, nor any of their respective officers, takes responsibility for the contents of this Prospectus. The fact that ASX may grant official quotation to the Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

3.10 CHES and issuer sponsorship

The Company operates an electronic CHES sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of Shares.

The Company will not issue share certificates to Shareholders. Rather, holding statements (similar to bank statements) will be dispatched to Shareholders as soon as practicable after allotment under this Prospectus.

Holding statements will be sent either by CHES (for Shareholders who elect to hold Shares on the CHES sub-register) or by the Company's Share Registry (for Shareholders who elect to hold Shares on the issuer-sponsored sub-register). The statements will set out the number of Shares allotted under this Prospectus and provide details of a Shareholder's Holder Identification Number (for Shareholders who elect to hold Shares on the CHES sub-register) or Shareholder Reference Number (for Shareholders who elect to hold Shares on the issuer-sponsored sub-register). Updated holding statements will also be sent to each Shareholder following the month in which the balance of their shareholding changes and as required by the Listing Rules and the Corporations Act.

3.11 Overseas investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of Shares in any jurisdiction outside Australia.

It is the responsibility of any non-Australian resident investors to obtain all necessary approvals for the issue to them of Shares offered pursuant to this Prospectus.

3.12 Privacy disclosure

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Shares will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

3.13 Exposure Period

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of seven days from the date of lodgement with ASIC. The exposure period may be extended by

ASIC by a further period of up to seven days. Unless extended by ASIC, the exposure period will end on 30 March 2012.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in the Prospectus. If deficiencies are detected, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after expiration of the Exposure Period. No preference will be conferred on applications received during the Exposure Period and all such applications will be treated as if they were simultaneously received on the Opening Date.

3.14 Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or financial projection would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best-estimate forecast or projection.

3.15 Electronic Prospectus

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is also available on the Company's website at www.svcgroup.com.au. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person from passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

4 BACKGROUND AND COMPANY OVERVIEW

4.1 Company history

SVC Group Limited (**SVC** or the **Company**) was incorporated in 1986 as Defiance Mining NL. In 2001 the Company changed its name to Medical Monitors Limited and began developing heart monitoring solutions for cardiac patients. In 2007 the Company began operating as a developer and owner of retirement villages under the name Shell Villages and Resorts Limited.

In 2008, the then Board of Directors of the Company embarked on a sell-down of all property assets held within its portfolio. This period coincided with the global financial crisis and depressed property prices. At the end of this liquidation period, the Company was left in a difficult financial position with over \$2.2 million in debts and little in tangible assets. The securities of SVC were suspended from trading on ASX on 1 October 2008 because of the Company's inability to provide ASX with full audited accounts for the 2008 financial year.

Since its suspension from trading, the Board of Directors of the Company has been replaced and the new Board has negotiated conversion of the Company's major debts into equity. The Company has raised over \$617,000 in cash over the past 24 months to repay creditors and to finalise the Company's full year audited accounts for the 2009, 2010 and 2011 financial years.

4.2 Business overview

The Company's principal business is the development of retirement and manufactured home villages.

Over the last decade, the retirement village industry has been revolutionised to reconfirm its status as a place that caters for retirees aged over 55 years who are self-sufficient and self-supporting, but who choose to live in a community of retired persons with appropriate community facilities and help at hand in an emergency. Australian Bureau of Statistics data suggest that by 2051, 27% of an estimated population of 25–33 million Australians will be aged over 65. With the over-65 demographic growing at double the rate of the rest of the population, by 2050 Australia will, according to the Retirement Village Association, require a minimum of 2100 additional retirement villages, or more than 311,000 dwellings.

SVC has in the past managed a broad portfolio of investments relating to residential subdivisions, development of senior living and affordable housing projects as well as the retirement village sector. The Company's current business plan is to continue these endeavours, which will be assisted by:

- ▶ strong population growth and continued housing demand;
- ▶ demographic changes, with the over-55 segment being the fastest growing segment of the population now and for the next 10 years;
- ▶ attractive locations in coastal and urban areas; and
- ▶ moves towards increased housing density in urban areas.

SVC continues to assess other investment opportunities within and outside the property industry.

4.3 Hunter Valley joint venture

4.3.1 Overview

SVC has entered into a joint venture (see Section 7.3) with Coast and Country Developments Pty Limited (CCD) to develop a property known as Lot 99, Carrs Road, Neath, Hunter Valley, into 70 manufactured cabin-style homes. The property is adjacent to an existing manufactured village owned by CCD.

Under the terms of the JV Agreement, SVC will lodge a development application to locate approximately 70 pre-manufactured cabins on the site. This lodgement is expected to be submitted in accordance with guidance provided in NSW legislation for manufactured home estates, and comply with technical standards as legislated in the Local Government Act 1919 (NSW). If successful, SVC will facilitate the purchase of manufactured cabins by each home purchaser from the home manufacturer, and manage siting of the cabins and connection of services. The joint venture will charge fees for sourcing of the cabins and connection of the cabins to all infrastructure services. In exchange for its services, SVC will look to recoup its costs from the sale of the cabins and receive 80% of any remaining profits from the sale of the cabins. The remaining 20% of profits will go to CCD. SVC does not retain any other rights over the properties and will not receive rental or any other ongoing fees.

CCD will contribute the land to the development, charge rent for leasing of the land on which the cabins are situated, and retain all long-term management rights. SVC is required to refund any money that CCD pays on behalf of the JV Agreement. SVC will project manage and pay for the following:

- ▶ detailed site plan of development and submission to Council;
- ▶ project management; and
- ▶ all infrastructure requirements and liaising with service providers for services including;
 - ▶ electricity;
 - ▶ water;
 - ▶ sewer; and
 - ▶ roads.

SVC will source and relocate pre-manufactured homes for prospective purchasers and connect them to services. SVC may set up display areas and manage the sales process. An example of a recent sale in March 2011 on the adjacent Lot 101 belonging to CCD was a three bedroom cabin, sourced from the manufacturer for \$100,000 was sold for \$175,000 to the purchaser, this included siting and connection to services but excluded landscaping or driveway. The owner entered into a lease with CCD to pay to CCD \$300 per fortnight for the upkeep of the infrastructure and services.

4.3.2 Development application

The land that is subject to SVC's joint venture currently has a zoning of 1A (Rural) under Cessnock City Council's *Local Environmental Plan*, which is primarily designated for the purpose of agriculture. As part of its proposed development application to Cessnock City Council, SVC intends to apply for an extension of the boundary of the existing adjacent developed manufactured home village at Lot 101 Carrs Road, which belongs to the joint venture partner, CCD, and which also has a zoning of 1A. The development application is expected to be lodged under guidance provided in the NSW State Environmental Planning Policy No. 36 and comply with technical specifications as legislated in the Local Government Act (NSW) 1919.

4.3.3 Budget and program of work

SVC's estimated share of costs for the development project is approximately \$21,500 per cabin. The Company expects to complete the development in three approximately equal stages of 20–25 cabins per stage. Under the terms of the JV Agreement, SVC is under no obligation to develop a subsequent stage until at least 80% of homes from an existing stage have been sold. This flexibility in expenditure requirements under the JV Agreement will allow SVC to manage its cash exposure to the project and cash flow requirements during the period of the joint venture.

4.3.4 Modular housing

Modular systems of construction can be used to construct single and two storey homes, retirement village homes, mining accommodation, modular offices, hotels and motels up to four storeys high. These modular systems are manufactured in Australia, China and parts of Southeast Asia. SVC will endeavour to attract a modular home manufacturer to the development to set up a display home.

4.4 Strategy

4.4.1 Property development

SVC's core short-term strategy is to use the proceeds from the Offer to proceed with the Hunter Valley property development as detailed above. This strategy continues the Company's previous property development activities prior to its delisting in 2008 and the sale of its major assets, which involved accumulating, through development and acquisition, a portfolio of manufactured cabin and retirement village estates.

CCD will contribute the land and retain all long term management rights.

Manufactured cabin and retirement village estates can generate considerable income for their managers, through the management agreements with the residents to maintain the properties and the rights the manager has in connection with sale of the properties. In time, SVC will look to acquire manufactured cabin and retirement village assets such as the Hunter Valley village that is the subject of its joint venture, while retaining management rights over such developments. This would require purchase of land.

4.4.2 Key personnel

Depending on ongoing evaluations of the re-establishment and growth of the Company's operations, the Company intends to engage the services of additional experienced consultants to assist in the implementation of the operational strategy. The Board considers that there are experienced consultants available to be engaged on an as-required basis.

4.4.3 Investigation of new opportunities

The Board intends to continue to review projects within and outside the Company's primary focus of developing manufactured cabin and retirement village estates. The Directors are all experienced business professionals with strong contacts in a range of industries including property, energy, mining exploration and engineering. The Board has been able to source a number of potential projects and will, with available funds from the Offer, be able to conduct the preliminary due diligence required so as to produce a short list of high potential projects. These projects include:

- ▶ mining camp modular housing development;
- ▶ traditional retirement villages, both existing and new developments;
- ▶ low cost manufacturing and siting of cabin villages such as the Hunter Valley joint venture; and
- ▶ more traditional subdivided residential development.

4.5 Other investments

4.5.1 Zambia Resource Ventures Pty Limited

The Board has investigated and considered a number of possible investments and business opportunities over the past 18 months. One area that the board has considered is resources exploration and mining. To this end, SVC made early-stage investigations regarding copper/cobalt and gold projects in Zambia. In doing so, SVC developed some key relationships in Zambia and conducted early due diligence work and negotiations on one potential copper/cobalt project in the North West Province of Zambia.

By introducing this project to Zambia Resource Ventures Pty Limited (**ZRV**), a company set up by mining investment experts to investigate and negotiate the development of resource projects in Zambia, SVC has obtained a small interest in ZRV for its cost to date, which would approximate to \$28,200.

5 DIRECTORS AND CORPORATE GOVERNANCE

5.1 Directors

5.1.1 Richard Pritchard (Non-Executive Chairman and joint Company Secretary)

Richard Pritchard has over 20 years' experience in civil engineering and building. He has been responsible for numerous infrastructure and property development projects in the fields of telecommunications, transport, water, mining and energy, as well as commercial property and residential subdivisions. He has worked for some of Australia's leading infrastructure and property development companies, primarily in management of the tendering and construction process. He has also been responsible for managing a civil infrastructure and property portfolio worth over \$1.3 billion for NSW local government.

Mr Pritchard holds an honours degree in Civil Engineering from the University of Brighton (UK) and a Graduate Diploma in Public Company Management from the Institute of Company Directors. He is a Member of the Institute of Company Directors and a Member of Engineers Australia and has previously held a NSW Building Contractors Licence. Mr. Pritchard is a current Director of Sustainable Energy Australasia Limited and Blackcrest Resources Limited (ASX code: BCR).

5.1.2 Allen 'Lance' Govey (Non-Executive Director)

Lance Govey has a strong background in public companies. More recently he has been a Director of companies such as Triton Gold Limited, in which he was Managing Director, and Red 5 Limited in which he was Executive Director in charge of exploration.

Mr Govey is a qualified and highly experienced geologist, and has spent over 20 years in exploration geology. He has spent several years with Normandy Mining as its Senior Exploration Geologist, Aztec Mining Limited as Senior Geologist, and in his early career at CSR as an Exploration Geologist.

Mr Govey has a bachelors degree with honours in Geology/Chemistry from the University of New South Wales, and a Masters of Science in Exploration and Mining from James Cook University. He is a member of the Australian institute of Mining and Metallurgy and a member of the Australian Institute of Company Directors.

5.1.3 Anthony Crimmins (Non-Executive Director)

Tony Crimmins has held numerous roles in project and general management, including six years as an environmental engineer for Brambles in China, involved in high priority environmental impact assessment for toxic waste clearance, site evaluation and project management. During this time he developed a working proficiency in Mandarin and an understanding of Asian business practices.

For the past eight years, Mr Crimmins has been involved in the listing of 13 companies on ASX from IPOs to reconstituted listed companies. In the process he has helped raise over \$65 million for projects, including five technology projects from Australian universities.

5.1.4 Brett Crowley (Company Secretary)

Brett Crowley is a solicitor and Chartered Accountant and an experienced chairman, director and company secretary of several ASX-listed companies. He currently practices as a solicitor.

Mr Crowley is company secretary of Vesture Limited (ASX code: VES), Flat Glass Industries Limited (FGI) and Sherwin Iron Limited (SHD). He was formerly a Partner of Ernst & Young in Hong Kong and Australia from 1988 to 1994, and a partner of KPMG from 1998 to 2000.

5.2 Corporate governance

The Board of Directors is responsible for the corporate governance of the consolidated entity. It monitors the business affairs of the Company on behalf of shareholders by whom they are elected and to whom they are accountable.

5.2.1 Board composition

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- (a) The Board shall comprise at least three Directors, increasing where additional expertise is considered desirable in certain areas;
- (b) The Board shall not comprise a majority of executive Directors; and
- (c) Directors shall bring characteristics that allow a mix of qualifications, skills and experience.

Where there is no formal review process in place, in order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is informally reviewed by the Chairman.

Directors whose performance is unsatisfactory may be asked to retire.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term of office are detailed in the Director's Report.

5.2.2 Performance evaluation and communication to Shareholders

The Board of Directors aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of all Directors. Information is communicated to the Shareholders through:

- (a) the Annual Report, which is distributed to all Shareholders and posted on the ASX website www.asx.com.au;
- (b) the half-yearly report, which is posted on the ASX website www.asx.com.au;
- (c) the Annual General Meeting and other meetings called to obtain approval for Board action as appropriate;
- (d) the Company's compliance with ASX continuous disclosure requirements;
- (e) all public announcements and associated documents, which are made available on the Company website at www.svcgroup.com.au.

5.2.3 The role of Shareholders

The Board of Directors aims to ensure that the Shareholders are informed of all major developments affecting the consolidated entity's state of affairs.

Proposed major changes in the consolidated entity that may impact on share ownership rights are submitted to a vote of Shareholders.

Notices of all meetings of Shareholders are made available to Shareholders.

The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares and changes to the Constitution. Copies of the Constitution are available to any Shareholder who requests it.

The External Auditor is to attend the Annual General Meeting and is available to answer Shareholder questions about the conduct of the audit and the preparation and content of the Auditor's report.

5.2.4 Audit committee

The Board of Directors holds responsibilities of the audit committee.

5.2.5 Internal control framework

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost-effective internal control system will preclude all errors and irregularities. The Board believes that the current cost control framework to be suitable to the Company's current operations. There is no internal audit function as the cost would significantly outweigh the benefits.

5.2.6 Trading policy

The company's policy regarding Directors and employees trading in its securities is set by the Board. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

5.2.7 Conflict of interest

In accordance with Corporations Act 2001 and the Company's constitution, the Directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of the Company.

5.2.8 Independent professional advice

Each Director will have the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman will be required, which will not be unreasonably withheld.

5.2.9 Business risk management

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas that were initially identified and which will be regularly considered by the Board meetings include foreign currency fluctuations, performance of activities, human resources, the environment and continuous disclosure obligations.

5.2.10 Ethical standards

The Board's policy is for all Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

5.2.11 Other information

Further information relating to the company's corporate governance practices and policies can be obtained from the Company upon the request of Shareholders.

6 PRO FORMA FINANCIAL INFORMATION

6.1 Introduction

The 30 June 2009 and 2010 financial reports contained modified audit opinions regarding the completeness and accuracy of the books and records following the sale of the Company's key property assets in 2008 and 2009. The 2009, 2010, and 2011 financial reports also contained audit opinion as to the existence of significant uncertainty in relation to the Company's ability to continue as a going concern owing to the significant debts subject to various arrangements to convert to equity in the Company to be put to Shareholders for approval. The Company has, since receiving shareholder approval on 31 August 2011, restructured the majority of its debt primarily through the issue of the Company's equity in satisfaction of the outstanding liability. The following pro forma statement of financial position has been prepared using the Company's reviewed half year accounts to 31 December 2011 (see Section 6.3). Full year accounts for 2009, 2010, and 2011 are to be found on the Company's web site at www.svcgroup.com.au.

6.2 Pro Forma Statement of Financial Position as at 31 December 2011

	Reviewed as at 31 December 2011 (\$)	Pro forma minimum subscription (\$)	Pro forma maximum subscription (\$)
CURRENT ASSETS			
Cash and cash equivalents	20,576	1,483,528	1,663,528
Financial assets	50,222	50,222	50,222
Other current assets	38,079	38,079	38,079
TOTAL CURRENT ASSETS	108,877	1,571,829	1,751,829
TOTAL ASSETS	108,877	1,571,829	1,751,829
CURRENT LIABILITIES			
Trade and other payables	548,778	548,778	548,778
Financial liabilities	219,400	20,000	20,000
TOTAL CURRENT LIABILITIES	768,178	568,778	568,778
TOTAL LIABILITIES	768,178	568,778	568,778
NET ASSETS	(659,301)	1,003,051	1,183,051
EQUITY			
Issued capital	44,918,677	46,581,029	46,761,029
Reserves	493,152	493,152	493,152
Accumulated losses	(46,071,130)	(46,071,130)	(46,071,130)
TOTAL EQUITY	(659,301)	1,003,051	1,183,051


6.2.1 Pro forma transactions

The Pro Forma Statement of Financial Position at 31 December 2011 has been prepared on the assumption that the following transactions, post balance date and those contemplated in the Prospectus, had taken place as at 31 December 2011:

- (a) The issue on 31 January 2012 of 39,880,000 pre-Consolidation Shares at \$0.005 each to raise capital of \$199,400;
- (b) The issue on 23 February 2012 of 18,634,654 pre-Consolidation Shares at \$0.0015 each to raise capital of \$27,952;
- (c) The issue of 10,000,000 pre-Consolidation Shares on March 23 at \$0.0015 each to raise \$15,000;
- (d) The issue of 75,000,000 post-Consolidation Shares at \$0.02 each if the minimum subscription is received to raise \$1,500,000. The payment of \$80,000 of costs associated with raising capital under the Offer has been charged against issued capital (column 2); and
- (e) The issue of 85,000,000 post-Consolidation Shares at \$0.02 each if the maximum subscription is received to raise \$1,700,000. The payment of \$100,000 of costs associated with raising capital under the Offer has been charged against issued capital (column 3).

6.3 Half-Year Financial Report for the half-year ended 31 December 2011

The following page extracts are taken from the Company's Half-Year Financial Report for the half-year ended 31 December 2011.




**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SVC GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of SVC Group Limited and the entities it controlled during the period.

PROSPERITY AUDIT SERVICES



LUKE MALONE
Associate Director

13 March 2012

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Chartered Accountants
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Standards Legislation.

POWER OF EXCELLENCE

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

Consolidated Statement of Comprehensive Income
For The Half-Year Ended 31 December 2011

	Half-Year ended 31 December 2011 \$	Half-Year ended 31 December 2010 \$
Revenue from continuing operations		
Interest income	130	657
Other income	6,000	-
	<u>6,130</u>	<u>657</u>
Expenses		
Consulting fees	-	(48,600)
Directors fees	(70,500)	(31,100)
Finance costs	-	(75,650)
Legal fees	(298)	(15,322)
Provision for doubtful debts	(60,000)	-
Other expenses	(143,730)	(30,329)
Loss before income tax expense	<u>(268,398)</u>	<u>(200,344)</u>
Income tax expense	-	-
Loss for the period	<u>(268,398)</u>	<u>(200,344)</u>
Other comprehensive income		
Other comprehensive income for the period, net of tax	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>(268,398)</u>	<u>(200,344)</u>
Loss attributable to:		
- members of the Parent Entity	<u>(208,398)</u>	<u>(200,344)</u>
Total comprehensive loss attributable to:		
- members of the Parent Entity	<u>(268,398)</u>	<u>(200,344)</u>
Loss per share		
Basic and diluted loss per share (cents)	<u>(0.2)</u>	<u>(0.5)</u>

The accompanying notes form part of this financial report.

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

Consolidated Statement of Financial Position
As At 31 December 2011

	Note	31 December 2011 \$	30 June 2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		20,576	1,855
Financial assets		50,222	10,000
Other current assets		38,079	206,052
TOTAL CURRENT ASSETS		<u>108,877</u>	<u>217,907</u>
TOTAL ASSETS		<u>108,877</u>	<u>217,907</u>
CURRENT LIABILITIES			
Trade and other payables		548,778	1,466,929
Financial liabilities		219,400	816,804
TOTAL CURRENT LIABILITIES		<u>768,178</u>	<u>2,283,733</u>
TOTAL LIABILITIES		<u>768,178</u>	<u>2,283,733</u>
NET LIABILITIES		<u>(659,301)</u>	<u>(2,065,826)</u>
EQUITY			
Issued capital	4	44,918,677	43,243,754
Reserves		493,152	493,152
Accumulated losses		(46,071,130)	(45,802,732)
TOTAL EQUITY		<u>(659,301)</u>	<u>(2,065,826)</u>

The accompanying notes form part of this financial report .

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

Consolidated Statement of Changes In Equity
For The Half-Year Ended 31 December 2011

	Issued capital	Reserves		Total
		Option reserve	Accumulated losses	
	\$	\$	\$	\$
Balance at 1 July 2010	42,806,452	493,152	(45,427,540)	(2,127,936)
Total comprehensive loss for the period	-	-	(200,344)	(200,344)
Balance at 31 December 2010	<u>42,806,452</u>	<u>493,152</u>	<u>(45,627,884)</u>	<u>(2,328,280)</u>
Balance at 1 July 2011	43,243,754	493,152	(45,802,732)	(2,065,826)
Total comprehensive loss for the period	-	-	(268,398)	(268,398)
Transactions with owners in their capacity as owners				
Shares issued during the period	1,674,923	-	-	1,674,923
Balance at 31 December 2011	<u>44,918,677</u>	<u>493,152</u>	<u>(46,071,130)</u>	<u>(659,301)</u>

The accompanying notes form part of this financial report.

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2011

	Half-Year ended 31 December 2011 \$	Half-Year ended 31 December 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(161,809)	(21,793)
Interest received	130	369
Net cash used in operating activities	<u>(161,679)</u>	<u>(21,424)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan to other entities	(14,000)	-
Net cash used in investing activities	<u>(14,000)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital raising	194,400	-
Net cash provided by financing activities	<u>194,400</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	18,721	(21,424)
Cash and cash equivalents at the beginning of period	1,855	59,852
Cash and cash equivalents at the end of period	<u>20,576</u>	<u>38,428</u>

The accompanying notes form part of this financial report.

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

**Notes to Financial Statements
For the Half-Year Ended 31 December 2011**

1. Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*

This interim financial report is intended to provide users with an update on the latest annual financial statements of SVC Group Limited and its controlled entities (the Group). As such it does not contain all the notes of the type normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(a) Impact of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

Certain new accounting Standards and Interpretations have been published that are not mandatory at 31 December 2011. Management has assessed the new accounting standards and interpretations that have been published but are not mandatory for the half-year reporting period and concluded that none of these new standards and interpretations is relevant to the Group.

Prospectus

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

Notes to Financial Statements For the Half-Year Ended 31 December 2011 (continued)

1. Basis of Preparation (continued)

(b) Going concern basis of accounting

During the half-year ended 31 December 2011, the consolidated entity recorded a consolidated operating loss of \$268,398 and reported net liabilities of \$659,301. In addition, the Company has converted total liabilities of \$1,674,923 into equity. However, the entity continued its reliance upon shareholder capital and unsecured borrowings to meet its business and loan obligations. The continuing viability of the entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due is dependent upon the following key events:

- ongoing support from the Company's creditors;
- accomplishing the capital raising of \$1,700,000; and
- development of new business opportunities and profitable projects.

Subsequent to the balance date, the Company has issued new shares to private investors on 31 January 2012 and 23 February 2012. In addition, the Company commenced a capital raising of \$1.7million. Details of those transactions and a Pro-forma Statement of Financial Position as at 31 December 2011 are set out below. The Pro-forma Statement of Financial Position is prepared on the assumption that all proposed share issues are accomplished as though they occurred at 31 December 2011:

	Actual as at 31 December 2011	Debt restructure and shares issued subsequent to balance date (I)	Pro-forma before proposed capital raising	Proposed capital raising (II)	Pro-Forma as at 13 March 2012
	\$	\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	20,576	27,952	48,528	1,615,000	1,663,528
Financial assets	50,222	-	50,222	-	50,222
Other current assets	38,079	-	38,079	-	38,079
TOTAL CURRENT ASSETS	108,877	27,952	136,829	1,615,000	1,751,829
TOTAL ASSETS	108,877	27,952	136,829	1,615,000	1,751,829
CURRENT LIABILITIES					
Trade and other payables	548,778	(269,000)	279,778	-	279,778
Financial liabilities	219,400	(199,400)	20,000	-	20,000
TOTAL CURRENT LIABILITIES	768,178	(468,400)	299,778	-	299,778
TOTAL LIABILITIES	768,178	(468,400)	299,778	-	299,778
NET (LIABILITIES)/ASSETS	(659,301)	496,352	(162,949)	1,615,000	1,452,051
EQUITY					
Issued capital	44,918,677	496,352	45,415,029	1,615,000	47,030,029
Reserves	493,152	-	493,152	-	493,152
Accumulated losses	(46,071,130)	-	(46,071,130)	-	(46,071,130)
TOTAL EQUITY	(659,301)	496,352	(162,949)	1,615,000	1,452,051

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

**Notes to Financial Statements
For the Half-Year Ended 31 December 2011 (continued)**

1. Basis of Preparation (continued)

I. Debt restructure and capital raising subsequent to balance date

The Company has accomplished the following transactions as at 31 December 2011 and subsequent to balance date:

- (i) Pursuant to a deed dated 18 March 2010 and approved by the Annual General Meeting of 31 August 2011, the Company agreed to settle a payable balance of \$269,000 with a creditor by converting the payable balance into ordinary shares. The share conversion is yet to occur.
- (ii) On 31 January 2012, the Company allotted 39,880,000 fully paid ordinary shares at \$0.005 each to raise total capital of \$199,400. Total proceeds of \$199,400 were received as at 31 December 2011 and recognised as financial liabilities at balance date.
- (iii) On 23 February 2012, the Company issued 18,634,654 fully paid ordinary shares at \$0.0015 each to raise total capital of \$27,952.

II. Proposed capital raising

Subject to shareholders' approval, the Company proposes to issue 10,000,000 pre consolidation shares at \$0.0015 each to raise \$15,000.

The Company also commenced a capital raising of \$1.7 million through a prospectus which is subject to shareholders' approval. These funds will be used to fulfill the Company's obligation under the Hunter Valley JV agreement and other business plan in exploring new investment opportunities.

The figures presented in the pro-forma Statement of Financial Position reflect a gross capital raising of \$1,715,000 less estimated share issue cost of \$100,000.

The Company's financial position will be strengthened when the share offer is successful.

III. Business plan

In 2008 the then Board of Directors of the Company embarked on a sell down of all the property assets held within the portfolio, 2008 coincided with the GFC and property prices were depressed, at the end of this liquidation period the Company was left in a difficult financial position. The residential property market stabilised in 2009-10 in line with improvements to domestic, economic and financial conditions. The situation in 2010-11 was a slightly more risky one, with rising interest rates and weak levels of dwelling commencements prevailing in the first few months of the year. Late 2011 has seen the Reserve bank of Australia begin reducing interest rates which will have a stimulatory effect on the housing market. Longer term, strong population growth combined with a physical shortage of housing is expected to place increased pressure for the development of new housing.

With the over-65 demographic growing at double the rate of the rest of the population, Australia would require a minimum of 2100 additional retirement villages, or more than 311,000 dwellings, by 2050, according to the Retirement Village Association.

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

**Notes to Financial Statements
For the Half-Year Ended 31 December 2011 (continued)**

1. Basis of Preparation (continued)

In view of the above the Company is broadening its property development focus to a range of development proposals that are available and have the potential for significant returns in the current market, targeting properties with the potential of an uplift in zonings followings the NSW State Government's direction to standardise local Council LEPs, residential subdivisions and development of senior living and affordable housing products.

To enable the search and selection of the most desirable projects the Company has contracted HD Consulting Pty Ltd. to search, propose, and negotiate terms for possible acquisitions. HD Consulting Pty Ltd has an excellent track record in property development in NSW with many successful developments having been sourced and developed successfully on their own behalf, for clients, and syndicates.

In tandem with this business plan the Company will continue to asses other business opportunities within and outside of the property industry.

On 3 October 2011, the Company announced the execution of a Joint Venture Agreement with Coast and Country Developments Pty Ltd to develop a land in the Hunter Valley to size up to 70 low cost homes.

The Directors continued their efforts to provide satisfaction to ASX that the Company is in compliance with listing rules to enable the Company to be re-quoted.

The Directors believe that the Company will be successful in the above matters, and realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Accordingly, the directors have prepared the financial report on a going concern basis.

Uncertainties

Prior to the share offer, the Company will restructure its current capital structure to consolidate the total issued capital on a 1 for 7 basis. This is subject to shareholders' approval. In addition, successful share capital raising is subject to the ability of the Company to attract investors to subscribe for new shares. Due to this, there exists uncertainty that the Company will not successfully raise capital and therefore the Company may not be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. Accordingly, the going concern basis used in the preparation of the financial report would not be appropriate.

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

**Notes to Financial Statements
For the Half-Year Ended 31 December 2011 (continued)**

4. Equity securities issued

	2011 Shares	2010 Shares	2011 \$	2010 \$
Issue of ordinary shares during the half-year:				
Converting liabilities into ordinary shares	47,864,775	-	1,674,923	-

The issue of shares to extinguish certain liabilities was approved by shareholders at the Annual General Meeting held on 31 August 2011.

5. Contingent liabilities and contingent assets

The Company has sought legal advice in respect of the clawback of assets or their value, disposed of in 2008 and 2009. A claim is currently being quantified but is otherwise subject to legal professional privilege and there will be a further announcement by the directors.

6. Events after Balance Date

There has not arisen in the interval since 31 December 2011 and up to the date of this report, any matter that, in the opinion of the directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the group in future financial years other than:

(a) On 20 January 2012, the Company withdrew the Replacement Prospectus issued on 22 October 2011;

(b) On 31 January 2012, the Company issued 39,880,000 fully paid ordinary shares at \$0.005 each for a capital raising of \$199,400;

(c) On 8 February 2012, the Company reached an agreed mandate with Alto Capital (AFSL 279099) of Subiaco, Perth, to raise up to \$1,700,000 in capital through a prospectus after approval by shareholders;

(d) On 8 February 2012, the Board resolved to issue a Notice of Meeting to consider and vote on the following matters by the shareholders:

- issue of 10,000,000 pre consolidation shares at \$0.0015 each to raise \$15,000;
- consolidation of current share capital on a 1 for 7 basis;
- issue of up to 85,000,000 new shares post share consolidation at 2 cents each to raise \$1,700,000; and
- issue of 24,000,000 new shares to Alto Capital upon completion of the capital raising in accordance with the Corporate Advisory Mandate Agreement; and

(e) On 23 February 2012, the Company issued 18,634,654 fully paid ordinary shares at \$0.0015 each.

SVC GROUP LIMITED AND CONTROLLED ENTITIES – HALF -YEAR REPORT 31 DECEMBER 2011

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 12 are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Richard Pritchard
Director

Dated this 13th day of March 2012



**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF SVC GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

Report on the Half-Year Financial Report

We have reviewed the accompanying financial report of SVC Group Limited for the half-year ended 31 December 2011, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the SVC Group (the consolidated entity). The consolidated entity comprises both SVC Group Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF SVC GROUP LIMITED
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (con't)**

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included on page 2 of the financial report.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us believe that the half-year financial report of SVC Group Limited is not in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date, and
- ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty in relation to the going concern basis

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the consolidated entity incurred a net loss of \$268,398 for the half year ended 31 December 2011 and reported net liabilities of \$659,301 as at 31 December 2011. These conditions along with other matters described in Note 1 indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

PROSPERITY AUDIT SERVICES

A handwritten signature in black ink, appearing to read 'Luke Malone'.

LUKE MALONE
Associate Director

13 March 2012

Sydney

7 MATERIAL CONTRACTS

7.1 Summary of Material Contracts

Set out below is a summary of the material contracts to which the Company is a party that may be material in terms of the Offer for the operation of the business of the Company or otherwise may be relevant to a potential investor in the Company (**Material Contracts**).

The whole of the provisions of the agreements are not repeated in this Prospectus and any intending applicant who wishes to gain a full knowledge of the content of the Material Contracts should inspect the same at the registered office of the Company.

7.2 Deed of Settlement and Release with AND Technologies

SVC is indebted to AND Technologies Pty Limited (AND Technologies) in the total sum of \$329,860, comprising principal plus interest, calculated up to 31 December 2008. Further interest of approximately \$40,000 has accrued since that date. The principal arose as a result of the provision of consulting services to the Company by AND Technologies.

By deed dated 14 March 2012, the Company agreed to settle its debt with AND Technologies on the following terms:

- (a) \$130,000 cash, which is to be paid from the proceeds of the Offer; and
- (b) \$200,000 of equity in the Company, which is to take place as follows:
 - (i) Four equal tranches of value no less than \$50,000
 - (ii) Date of Conversion—six, nine, 12, and 16 months after the date on which the Company's shares resume trading on ASX;
 - (iii) Price of conversion—the five day VWAP of the previous five days' trading on ASX prior to conversion;
 - (iv) Shares allotted to—AND Technologies; and
 - (v) Terms—the Shares are ordinary fully paid shares and are to be issued on the same terms and rank equally with other fully paid shares on issue.

The issue of the Shares to satisfy the above conversion of debt to equity will require the approval of Shareholders. If the Company fails to make a payment or cause shares to be issued by a due date, then at the election of And Technologies, the whole balance owing of the total debt (after deducting the aggregate of any payment already made and the value of Shares already issued) shall become immediately payable.

The Company intends to settle the cash component of its debt with AND Technologies using the funds raised from the Offer.

7.3 Deed of Joint Venture Agreement

7.3.1 Background

On 1 October 2011, SVC entered into a binding Deed of Joint Venture Agreement (**JV Agreement**) with Coast and Country Developments Pty Limited (**CCD**) to develop a property known as Lot 99, Carrs Road, Neath, Hunter Valley. The aim of the JV Agreement is the joint endeavour of developing the site into a modular home cabin housing village with approximately 70 individual pre-manufactured cabin-style homes, which will then be subject to sale and long-term lease arrangements. On 19 March 2012, SVC and CCD together executed a Deed Amending the Joint Venture. This Deed Amending extended the time provision for SVC to achieve re-quotations of its Shares on ASX to 19 July 2012.

7.3.2 Key terms

CCD will retain ownership of the land, while the manufactured homes will be subject to sale. Each site will include a cabin manufactured off-site. The sale would include a premium, which will provide a return to SVC of its costs, with any remaining profit to be shared 80% to SVC and 20% to CCD. CCD will retain all long-term management rights to the new development, terms of which will form part of the lease arrangements with the tenants.

CCD will contribute the land and SVC will project manage and pay for the following:

- (a) detailed site plan of development and submission to Council;
- (b) project management; and
- (c) all infrastructure requirements and liaison with authorities including:
 - (i) electricity;
 - (ii) water;
 - (iii) sewer; and
 - (iv) roads.

SVC will source and place the pre-manufactured homes and connect them to services. SVC may, if it chooses, set up display areas and manage the sales process.

7.3.3 Conditions precedent

Under the terms of the JV Agreement and Deed Amending the JV Agreement, SVC will be required to obtain re-capitalisation and re-quotations of its Shares on ASX prior to 19 July 2012. SVC must then apply to the local council for a development approval within six months of re-quotations of its Shares and begin construction within one month of achieving the development approval.

CCD must permit SVC to register a caveat on title of the land prior to the start of construction.

7.3.4 Agreed budget and program of work

The construction of the village will be in distinct stages. This is so that sales can keep up with the pace of the development, thus enabling SVC to manage its capital in a manner that reduces its risk exposure to the project. SVC is under no obligation to develop a subsequent stage until at least 80%

of newly built homes from the previous stage have been sold. Both JV parties must agree to a budget and work program before commencement of work on any stage.

7.4 Corporate Advisory Agreement with Alto Capital

7.4.1 Background

The Company has entered into a corporate advisory agreement with Alto Capital in relation to the raising of capital pursuant to this Prospectus.

7.4.2 Key terms

Under the terms of the corporate advisory agreement, Alto Capital will:

- (a) provide assistance in the marketing of the Offer;
- (b) assist in the presentation of the Company's business to brokers;
- (c) advise on input to documents such as presentations;
- (d) participate in Offer-related meetings;
- (e) produce a short list of interested brokers; and
- (f) market the Offer to its own clients, who it reasonably believes might be appropriate to accept the Offer.

In return, SVC will pay to Alto Capital, upon satisfaction of the requirements of ASX for re-quotation of the Company's existing Shares and Shares under this Offer:

- (a) 3% of all funds raised; and
- (b) 6% of any amounts raised from its own clients; and additionally
- (c) 24,000,000 shares as approved by Shareholders at the General Meeting held on 23 March 2012.

7.5 Management Consultancy Agreement

Richard Pritchard, a current Non-Executive Director and joint Company Secretary of the Company, has entered into a management consultancy agreement with the Company to oversee the operation and implementation of the Hunter Valley joint venture. An overview of Mr Pritchard's experience for this role is set out in Section 5.1.1. Under the terms of the agreement, Mr Pritchard will be paid at a rate of \$125 per hour plus superannuation at the statutory rates required. The consultancy service he will provide in return will be to manage all aspects of the Hunter Valley joint venture, including;

- (a) engaging professional services, town planners, legal advisers etc.;
- (b) managing the development application submission process;
- (c) managing the creation of a detailed project budget and financial projections;
- (d) managing the tender and quotation process to applying contractors for provision of services and materials;
- (e) managing the project monthly accrued expenditure costs and budget comparison; and

- (f) reporting to the Board on technical and financial issues and project progress on a regular basis.

The expected costs of engaging Mr Pritchard are incorporated into the budgeted costs of the Hunter Valley joint venture as described in Section 2.5.

8 RISK FACTORS

There are numerous risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with the Company's business.

This section identifies areas the Directors regard as major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending applicants should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to subscribe for Shares pursuant to this Prospectus.

Applicants should be aware that there are risks associated with any share investment. The value of the Shares may be above or below the issue price under this Prospectus. The Shares allotted under this Prospectus carry no guarantee in respect of profitability, dividends or return of capital.

The Shares offered under this Prospectus should be regarded as speculative and investors should be aware that they may lose some or all of their investment. Investors should consider whether the Shares offered under this Prospectus are a suitable investment having regard to their own individual investment objectives, financial circumstances and the risk factors set out below. This list is not exhaustive and, if in any doubt, investors should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

Specific risks that investor should consider include the following:

8.1 Government and regulatory policies, legislation and regulation

The business of property development is exposed to significant issues of legislative compliance and regulatory approval, as set by the Commonwealth, state and local governments. To proceed with the proposed development, SVC must apply to and seek approval from Cessnock City Council, as described in Section 4.3.2. There can be no assurance that the required approvals will be received at all or in a timely manner.

Failure to obtain regulatory approvals or any delays in obtaining regulatory approvals could:

- (a) adversely affect the ability of the Company to develop the property under the JV agreement;
- (b) impose significant additional costs if an appeal of an adverse decision is to be sought;
- (c) diminish the value of the Company's joint venture; and/or
- (d) affect the market value of the Company.

Failure to comply with government regulations or conditions imposed on any regulatory approvals if they are received can result in official warnings, fines, injunctions, civil penalties and/or criminal prosecution, which may adversely affect the Company's financial position.

8.2 Development risks

Decisions to proceed with property development projects such as the Company's Hunter Valley joint venture are based on the Company's internal profit projections, which attempt to predict the possible outcome of a development based primarily on the building development cost in relation to the saleable value of the completed homes at the time of commencement.

During construction of the properties and connection of the related infrastructure services, unforeseen events can cause a significant increase in project costs, including:

- (a) difficult site conditions, such as rock in excavations for services causing delays and additional expense to excavate;
- (b) long delays owing to adverse weather; or
- (c) remedial work required owing to poor or soft ground conditions with consequential additional cost and delays.

There can be no assurance that the project, once developed, will produce the projected financial return. If market conditions change significantly between commencement of the development and its completion for sale, this can have a significant effect on the projected financial return. The financial viability of the project can be affected by:

- (d) an inability to attract property purchasers or to sell the property at a profit;
- (e) changes in market conditions for the sale and purchase of property;
- (f) changes in interest rates, which can affect purchaser sentiment; and
- (g) inflation.

8.3 Joint Venture Agreement and partner risk

The Company has entered into a Joint Venture Agreement with Coast and Country Development Pty Limited (**CCD**) (see Section 7.3) for the purposes of undertaking the proposed development. Should SVC fail to fulfil its obligations under the JV Agreement, including funding its portion of the joint venture as and when agreed, then CCD may withdraw from the joint venture, adversely affecting SVC's projected financial returns from the project.

CCD will retain ownership of the land that is the subject of the proposed development. Should CCD enter insolvency and/or have its assets re-possessed by a mortgagor, there is a significant risk of financial loss to SVC, including possible loss of the cost and value of the improvements made to the property up to that date.

8.4 Insurance risks

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with public companies is not always available and where available often the costs can be prohibitive.

8.5 Dependence on personnel

There is a risk that the Company may not be able to obtain or attract the qualified personnel necessary for the development of its business. A loss of the services of existing personnel and/or the failure to recruit key management personnel required may harm the Company's business.

8.6 Uncertainty of future profitability

The Company has incurred significant losses in the past. The past performance should not impact the future opportunities for the Company and it is therefore not possible to evaluate the Company's future prospects based on past performance.

8.7 Acquisitions

In addition to the risks identified above, the Company has stated it will also review and consider other business opportunities. Consequently this strategy may result in the Company making acquisitions of, or significant investments in, complementary or alternative companies or assets. Any such transactions would be accompanied by the risks inherent in making acquisitions of companies and assets. For example, there may be liabilities in connection with such acquisitions that are not identified in the Company's due diligence or the acquisitions may not prove to be successful.

Furthermore, risks associated with such acquisitions will also arise from the Company's ability to execute the acquisition and then to correctly manage the business operations and growth strategies moving forward. In addition, any acquisition may be subject to all or any shareholder and regulatory approvals, which may include re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

General risks that investors should consider include the following:

8.8 Economic and government risks

The future viability of the Company also depends on a number of other factors that may affect the performance of all industries, and associated performance of share markets including, but not limited to, the following:

- (a) general economic conditions in Australia and its major trading partners;
- (b) changes in government policies, taxation and other laws;
- (c) the strength of equity and share markets in Australia and throughout the world;
- (d) movement in, or outlook on, exchange rates, interest rates and inflation rates;
- (e) natural disasters, social upheaval or war in Australia or overseas; and
- (f) other factors beyond the control of the Company.

8.9 Future capital needs

Further funding of projects and potential acquisitions may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance.

If the Company fails to obtain adequate funds when needed, the Company may:

- (a) delay or cease its property development activities, or other aspects of its business;
- (b) be forced to sell any assets on unfavourable terms; and/or
- (c) have to reduce or cease operations.

8.10 Other factors

Since the Company's Shares have ceased trading on ASX, there has been no public market for the Shares. It is important to recognise that, once the Shares are quoted on ASX, their price may rise or fall as they may trade at a price below or above the application price. There can also be no assurance that an active trading market will develop with the shares.

Specific factors that may impact the Company's share price regardless of its operating performance include:

- (a) the issue of additional shares or securities, including the availability of additional shares for sale from time to time;
- (b) the overall market perception of the property sector;
- (c) developments in the Company's relationships with industry partners;
- (d) reports published by security analysts;
- (e) merger and acquisition activity;
- (f) litigation of disputes involving the Company or others;
- (g) changes in Australian tax laws that affect the Company or its investors;
- (h) changes in the Company's key personnel; and
- (i) changes to the regulatory environment that specifically impact on the property industry or any publicity relating specifically to the property industry.

Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse effect on the company's operating financial performance.

9 ADDITIONAL INFORMATION

9.1 Company information

The Company was incorporated on 7 January 1986 as Defiance Mining NL and admitted to the Official List of ASX in March 1986. The Company's Shares were suspended from trading on ASX on 1 October 2008.

9.2 Rights attaching to shares

Shares issued pursuant to the Offer will rank equally with all other fully paid ordinary shares on issue.

The rights attaching to the Shares are set out in the constitution of the Company. A broad summary (although not an exhaustive or definitive statement) of the rights attaching to the Shares is outlined below.

9.2.1 Ranking of Shares

At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.

9.2.2 Voting rights

Subject to any special rights or restrictions (at present there are none), at any Shareholder meeting, each Shareholder present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.

9.2.3 Dividend rights

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

9.2.4 Variation of rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

9.2.5 Transfer of shares

Subject to the constitution of the Company, the Corporations Act and other relevant laws, the Shares are freely transferable.

9.2.6 General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Company's constitution, the Corporations Act and any other laws.

9.2.7 Rights on winding up

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

- (a) divide among the Shareholders the whole or any part of the Company's property; and
- (b) decide how the division is to be carried out between the Shareholders.

Subject to any special rights (at present there are none), any surplus assets (following full satisfaction of all creditors' debts) on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

9.3 Continuous disclosure and market price of Shares

The Company is a 'disclosing entity' for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information that it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company. The Company's Shares are currently suspended and as such no market price is available.

9.4 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has, or has had within two years before lodgement of this Prospectus with ASIC:

- (a) any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director, either to induce him or her to become, or to qualify them as a Director, or otherwise, for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

9.4.2 Shareholding qualifications

Directors are not required to hold any Shares under the constitution of the Company.

9.4.3 Directors' security holdings

Set out in the table below are details of the Directors' relevant interests in the Shares of the Company as at the date of this Prospectus.

Directors and their associates	Shares
Richard Pritchard	1,741,854
Allen Lance Govey	-
Anthony Crimmins	-
Total	1,741,854

9.4.4 Directors' remuneration

The Constitution provides that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive Directors must not exceed in aggregate the amount fixed by the Company in a general meeting or, prior to an amount being fixed

in general meeting, an amount determined by the Directors. The current aggregate remuneration for all non-executive Directors (as set by the Company in general meeting) will be not more than \$320,000 per annum (allowing for the appointment of future Directors) to be apportioned among the non-executive Directors in such a manner as they determine.

9.5 Interests and fees of professionals

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with has, or had within two years before lodgement of this Prospectus with ASIC:

- (a) any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; and
- (b) not recorded any amounts or benefits or has not agreed to be paid benefits for services rendered by such persons in connection with the formation or promotion of the Company or the Offer.

Prosperity Audit Services has acted as auditors of the Company. Fees payable to Prosperity Audit Services for work done in relation to past auditing total approximately \$88,075. Prosperity Audit Services has not provided any service in relation to this Prospectus or the recapitalisation of the company. Fees payable to Prosperity Audit Services have been charged in accordance with their normal hourly rates.

Alto Capital is corporate adviser to the Company for the purpose of this Offer, as described in Section 7.4. No fees have been paid to Alto Capital to date. The Company expects to pay Alto Capital \$35,000–45,000 and 24,000,000 shares for its services in relation to the Offer (see Section 9.7 for details of the expenses of the Offer).

Computershare Investor Services Pty Limited remains the Company's Share Registry and will be paid for these services at normal commercial rates.

9.6 Consents

Each of the parties referred to in this Section 9:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 9; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 9.

Alto Capital has given, and has not before lodgement of this Prospectus withdrawn, its consent to being named in this Prospectus as Corporate Advisor to the Company. Alto Capital has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

9.7 Expenses of the Offer

The expenses of the Offer and recapitalisation proposal are expected to comprise the following estimated costs and are exclusive of any GST payable by the Company.

	Minimum Subscription	Maximum Subscription
	(\$)	(\$)
Corporate advisory fees*	35,000	45,000
Broker commissions	35,000	45,000
Printing and design	7,000	7,000
ASIC fees	3,000	3,000
Total	80,000	100,000

* In addition, the corporate advisor Alto Capital is to be paid 24,000,000 shares as approved by Shareholders at the General Meeting held on 23 March 2012 (see Section 7.4).

9.8 Litigation

There is currently no past, present or pending litigation of which the Company is aware against either the Company or the Company's Directors.

9.9 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither the Company nor any of the Directors accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

9.10 Electronic Prospectus

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of shares in response to an electronic application form subject to compliance with certain provisions. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and it will send you free of charge either a hard copy or a further electronic copy of the Prospectus or both. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered. In such a case, the application monies shall be dealt with in accordance with Section 722 of the Corporations Act.

10 DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company,

A handwritten signature in black ink, appearing to read 'Richard Wyn Pritchard', written in a cursive style.

Richard Wyn Pritchard
Chairman

23 March 2012

11 GLOSSARY

A\$ or **\$** means an Australian dollar.

AFSL means Australian Financial Services Licence.

Alto or **Alto Capital** means ACNS Capital Markets Pty Limited (trading as Alto Capital) ABN 93 088 503 208, AFSL 279099.

AND Technologies means AND Technologies Pty Limited (ACN 080 389 797).

Application Form means the application form accompanying this Prospectus relating to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited. **ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange (as the context requires).

Board means the board of Directors as constituted from time to time.

CCD means Coast and Country Developments Pty Limited (ABN 28 130 670 263).

CHESS means Clearing House Electronic Sub-register System, which is operated by ASTC, a wholly owned subsidiary of ASX.

Closing Date means the closing date of the Offer as set out in Section 2.5.

Company means SVC Group Limited (ABN 68 009 161 522).

Conditions means the conditions to the Offer, which are set out in Section 3.2.

Consolidation means the consolidation of the Company's issued share capital on a one-for-seven basis, as approved by Shareholders at the General Meeting held on 23 March 2012.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Deed Amending means a deed signed 19 March 2012 amending certain agreed timelines within the JV Agreement

Director means a director of the Company at the date of this Prospectus.

Exposure Period means the period of seven days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than seven days pursuant to Section 727(3) of the Corporations Act.

JV Agreement or **Joint Venture Agreement** means the Deed of Joint Venture Agreement between the Company and CCD to develop a property known as Lot 99, Carrs Road, Neath, Hunter Valley, which is summarised in Section 7.3.

Listing Rules means the official listing rules of ASX.

Lodgement Date means the date this Prospectus was lodged with ASIC as set out in Section 2.5.

Material Contracts means the material contracts to which the Company is a party that may be material in terms of the Offer for the operation of the business of the Company or otherwise may be relevant to a potential investor in the Company, and which are summarised in Section 7.

Offer means the offer of Shares under this Prospectus.

Official List means the Official List of ASX.

Prospectus

Opening Date means the opening date of the Offer as set out in Section 2.5.

Prospectus means this prospectus.

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

Share Registry means Computershare Investor Services Pty Limited.

Shareholder means a holder of Shares.

SVC means SVC Group Limited (ABN 68 009 161 522).

Sydney Time means time as observed in Sydney, New South Wales.

VWAP means Volume Weighted Average Price.

ZRV means Zambia Resource Ventures Pty Limited.

APPLICATION FORM

SVC Group Limited

ABN 68 009 161 522



This Application Form forms part of the Prospectus dated 23 March 2012. The instructions on how to complete A-I are on the reverse of this Form.

Use BLOCK LETTERS.

I/we apply for _____ Shares at \$0.02 per Share = \$ _____

A Insert Number of Shares applied for
(in multiples of 5,000 Shares)

B Please make sure that the amount of
your cheque(s) equals this amount and
is made payable to SVC Group
Limited— Subscription Account

COMPLETE FULL NAME AND ADDRESS DETAILS
INSERT CORRECT TITLE GIVEN NAMES

(MR/MRS/MISS/MS) (IN FULL) SURNAME OR COMPANY NAME

C

JOINT APPLICANT OR ACCOUNT DESIGNATION (E.G. <SUPERFUND A/C>)

D

NUMBER / STREET OR PO BOX NO

E-MAIL ADDRESS

E

SUBURB OR TOWN

STATE

POSTCODE

CONTACT NUMBER (DAYTIME)

CONTACT NAME

F

HIN—EXISTING CHESS PARTICIPANTS ONLY

PIN YOUR CHEQUE(S) HERE

H	DRAWER	BANK	BRANCH	AMOUNT (\$)

I I/ we declare that this application is complete according to the declaration /appropriate statements on the reverse of this form and agree to be bound by the Constitution of the Company. Returning this Application Form with your cheque for the application monies will constitute your offer to subscribe for Shares in the Company.

NO SIGNATURE REQUIRED

Each applicant must complete all applicable sections of the Application Form (in block letters) and return it, together with a cheque for the total amount due, to:

Company Secretary
SVC Group Limited
PO Box N723 Grosvenor Place
SYDNEY NSW 1220

For those parties that would prefer an electronic transfer of funds, the Company's bank account details are as follows:

Account name	SVC Group Limited
Bank	Westpac Banking Corporation, 275 George Street SYDNEY NSW 2000
BSB	034 117
Account number	211 253
SWIFT code	WPAC AU2S

Applicants who have queries may contact richard.pritchard@svgroup.com.au.

- A Enter the NUMBER OF SHARES that you are applying for on the face of the Application Form. Applications can be accepted or rejected at the absolute discretion of the Directors.
- B Enter the TOTAL AMOUNT of application money payable. To calculate the amount, multiply the number of Shares for which you are applying by \$0.02 per Share.
- C Enter the FULL NAME(S) and TITLES of all legal entities that are to be recorded as the registered holders(s).
- D Account designations are optional.
- E Enter the POSTAL ADDRESS for all communications from the Company. You may also provide an email address, this is optional and does not replace the need for a postal address.
- F Enter the daytime telephone number and contact person for any queries regarding this application.
- G If you are sponsored in CHESS by a stockbroker or other CHESS participant, enter your HIN.
- H Complete check details as requested. All cheques or bank drafts (which are to be expressed in Australian currency) are to be made payable to 'SVC Group Ltd' and crossed 'Not Negotiable'.
- I It is not necessary to sign the application form. By completing and lodging this application form, the applicant:
- ▶ declares that they have read the information to which this application relates and that all details and statements made are complete and accurate
 - ▶ agrees to be bound by the Constitution of the Company
 - ▶ acknowledges that they have made their own enquires concerning the Company and its business and affairs and have relied on their own judgement as to whether to invest in the Company and have not relied on any statements or representations made by the Company or its directors and employees, other than in respect of public releases made to Australian Securities Exchange Limited
 - ▶ acknowledges that the Company has provided the applicant(s) a Prospectus disclosure document for the issue of the Shares; and
 - ▶ acknowledges that this Application Form is governed by the laws of New South Wales.