

HILLCREST LITIGATION SERVICES LIMITED

ACN 060 094 742

OFFER DOCUMENT

For a pro rata non-renounceable Rights Issue to Eligible Shareholders on the basis of one (1) New Share for every five (5) existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.005 per New Share to raise approximately \$309,309 (before costs) (**Offer**).

The Offer is underwritten by PAC Partners Pty Ltd (ABN 13 165 738 438) a Corporate Authorised Representative of PAC Asset Management Pty Ltd, holder of an Australian Financial Services Licence (AFSL No. 335 374). Please refer to Section 6.1 for the details of the underwriting.

The Offer opens on 17 October 2016 and closes at 5:00pm (WST) on 27 October 2016 (unless it is lawfully extended). Valid acceptances must be received before that time.

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Entitlement to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document.

The New Shares offered by this Offer Document should be considered as speculative.

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1. IMPORTANT INFORMATION

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

1.1 This document is not a prospectus

This Offer Document is dated 6 October 2016, has been prepared by Hillcrest Litigation Services Limited and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with the ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in Section 5. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

1.2 Section 708AA of the Corporations Act

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act and applicable ASIC Class Order 08/35. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

1.3 Consolidation

As announced on 6 October 2016, subject to Shareholder approval, the Company proposes to undertake a consolidation of the Company's capital structure at a consolidation ratio of 16.6666667 Shares to 1 consolidated Share which will take effect after the issue of the Shares under the Offer.

1.4 Eligibility

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

1.5 Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia and New Zealand. It is not

practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

United States Shareholders

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the Shares in the United States of America.

Further detail in relation to foreign jurisdictions is set out in this Offer Document.

New Zealand Shareholders

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

1.6 Notice to nominees and custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.7 Forward-looking statements

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

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Offer Document.

1.8 Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

2. CORPORATE DIRECTORY

Directors

Alan van Noort (Executive Chairman)
Angus Middleton (Non-Executive Director)
Jay Stephenson (Non-Executive Director)

Share Registry*

Computershare Investor Services Pty
Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Company Secretary

Jay Stephenson

Legal Advisers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Registered Office

1 Colin Street
West Perth WA 6005

Telephone: + 61 8 9324 3266

Facsimile: +61 8 9324 3277

Website: www.hillcrestlitigation.com.au

Underwriter

PAC Partners Pty Ltd
Level 10, 330 Collins Street
Melbourne VIC 3000

ASX Code

HLS

Auditor*

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

3. DETAILS OF THE OFFER

3.1 The Offer

As announced on 6 October 2016, the Company has entered into a share sale agreement (**Sale Agreement**) to acquire 100% of the issued shares of The Infant Food Holding Co. Pty Limited on certain terms and conditions (**Proposed Acquisition**).

The purpose of the Offer is to raise approximately \$309,309, some of which is intended to be allocated towards costs associated with the Proposed Acquisition.

The Offer is being made as a non-renounceable entitlement offer of one (1) New Share for every five (5) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.005 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as set out in Section 3.6 of this Offer Document, a maximum of approximately 61,861,827 Shares will be issued pursuant to this Offer to raise up to approximately \$309,309.

All of the Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

3.2 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to approximately \$309,309 (before the payment of costs associated with the Offer).

The Company intends to apply the funds raised under the Offer as follows:

Items of Expenditure	\$	%
Due diligence and acquisition costs in relation to the Proposed Acquisition	200,000	65
Working capital	80,749	26
Expenses of the Offer	28,560	9
Total	309,309	100

Notes:

1. The Company announced details of the Proposed Acquisition to ASX on 6 October 2016. If the Proposed Acquisition does not proceed, the Company intends to apply these funds towards its current projects, working capital and the review of alternative investment and divestment opportunities.

The above table is a statement of current intentions as of the date of this Offer Document. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3.3 Indicative Timetable

Company Announces Rights Issue	6 October 2016
Lodgement of Offer Document, Appendix 3B and s708AA Cleansing Notice with ASX	6 October 2016
Notice sent to security holders	10 October 2016
Ex date	11 October 2016
Record Date for determining Entitlements	12 October 2016
Offer Document sent out to Eligible Shareholders & Company announces this has been completed & Offer Opening Date	17 October 2016
Closing Date	27 October 2016
Shares quoted on a deferred settlement basis	28 October 2016
ASX notified of under subscriptions	2 November 2016
Issue date/Shares entered into Shareholders' security holdings	4 November 2016
Quotation of Shares issued under the Offer	7 November 2016

* Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

** These dates are indicative only and are subject to change.

3.4 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 4 of this Offer Document.

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

You can also apply for Additional Shares under the Shortfall Offer in addition to your Entitlement by following the instructions set out in Section 4. The Shortfall Offer is described in Section 4.5 below.

3.5 No rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take

up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

3.6 Capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted by Shareholders or issued pursuant to the Underwriting Agreement, is set out below.

Shares	Number
Shares currently on issue	309,309,136
New Shares offered pursuant to the Offer ¹	61,861,827
Total Shares on issue after completion of the Offer¹.	371,170,963

Notes:

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Offer.

3.7 Underwriting

The Offer is underwritten by PAC Partners Pty Ltd (ABN 13 165 738 438) (the **Underwriter**). The Company has entered into the Underwriting Agreement with the Underwriter, the material terms of which are summarised in Section 6.1.

3.8 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 16.7% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date ¹	Entitlements under the Offer	Holdings if Offer not taken Up	Approximate % post Offer
Shareholder 1	50,000,000	16.16%	10,000,000	50,000,000	13.47%
Shareholder 2	25,000,000	8.08%	5,000,000	25,000,000	6.73%
Shareholder 3	10,000,000	3.23%	2,000,000	10,000,000	2.69%
Shareholder 4	1,000,000	0.32%	200,000	1,000,000	0.27%
Shareholder 5	100,000	0.03%	20,000	100,000	0.02%

Notes:

1. This is based on a share capital of 309,309,136 Shares at the date of this Offer Document.

3.9 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Voting Power (%)	Entitlement	\$
Alan van Noort	83,475,471	26.99	16,695,094	83,475
Angus Middleton	10,903,880	3.52	2,180,776	10,904
Jay Stephenson	15,000	0.0048	3,000	15

Each of Messrs Middleton and Stephenson intend on taking up their Entitlements in full. At present, Mr van Noort does not intend on taking up any of his Entitlement.

3.10 Effect of the Offer on control and voting power in the Company

The Company's substantial holders and their Entitlement prior to the Offer are set out in the table below.

Substantial Holder	Shares	Voting Power (%)	Entitlement	\$
Lomp Pty Ltd ¹	83,475,471	26.99	16,695,094	83,475
Mial Enterprises Pty Ltd	37,870,369	12.24	7,574,074	37,870
Lanzerac Nominees Pty Ltd	34,646,720	11.20	7,329,344	36,647

Notes:

1. A company controlled by Director, Alan van Noort.
2. The voting power in the table is prior to settlement of the Offer.

The potential effect that the issue of the Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlements under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible shareholders being unable to participate in the Offer;
- (b) in the more likely event that there is a shortfall, Eligible Shareholders who do not subscribe for their full Entitlement of Shares under the Offer and ineligible shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their entitlement as shown by the table in Section 3.8; and
- (c) in respect of any shortfall, Eligible Shareholders will be entitled to top-up their shareholding, by subscribing for Additional Shares to be issued from the shortfall pool, with Eligible Shareholders holding an Unmarketable Parcel of Shares at the Record Date having priority to any shortfall (**Shortfall Offer**). However, the Company will only issue such Shares pursuant to an application received where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the applicant's voting power above 19.90%. Having regard to the number of Shares to be issued under the Offer, even if a substantial shortfall eventuated, a participant in the Shortfall Offer would not be in a position to exercise any substantive control in the Company.

Pursuant to the Offer, the Company will ensure that neither the Underwriter nor any sub-underwriters will individually have a voting power in the Company in excess of 20% following the issue of Shares under the Shortfall Offer.

The Underwriting Agreement also provides that the Underwriter will ensure that no person will acquire, through participation in sub-underwriting the Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Offer.

3.11 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	(\$)	Date
Highest	0.005	9, 16, 23 and 26 August 2016
Lowest	0.003	18 July 2016 and 25 July 2016
Last	0.004	5 October 2016

3.12 Opening and Closing Dates

The Offer opens on the Opening Date, being 17 October 2016, and closes on the Closing Date, being 5:00pm (WST) on 27 October 2016 (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

3.13 Issue and dispatch

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 3.3 of this Offer Document.

Pending the issue of the Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form.

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 3.3 of this Offer Document.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

3.14 ASX listing

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

3.15 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.16 Risk Factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are non-exhaustive. Please refer to Section 5 of this Offer Document for further details.

3.17 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

3.18 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is

or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.hillcrestlitigation.com.au or the ASX www.asx.com.au.

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

3.19 Enquiries concerning Offer Document

Enquiries relating to this Offer Document should be directed to the Company on +61 8 9324 3266.

4. ACTION REQUIRED BY SHAREHOLDERS

4.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. You may participate in the Offer as follows:

- (a) **if you wish to accept your Entitlement in full:**
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque or arrange payment by BPAY® for the amount indicated on the Entitlement and Acceptance Form; or
- (b) **if you wish to accept your Entitlement in full and apply for the Shortfall Offer:**
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided;
 - (ii) fill in the number of New Shares you wish to apply for under the Shortfall Offer in the space provided on the Entitlement and Acceptance Form; and
 - (iii) attach your cheque or arrange payment by BPAY® for the appropriate Application monies (at \$0.005 per New Share); or
- (c) **if you only wish to accept part of your Entitlement:**
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque or arrange payment by BPAY® for the appropriate Application monies (at \$0.005 per New Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Your completed Entitlement and Acceptance Form and payment must reach the Registry no later than 5:00pm (WST) on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

4.2 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any

Application monies, the Application may not be varied or withdrawn except as required by law.

4.3 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Hillcrest Litigation Services Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm WST on the Closing Date.

4.4 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 2:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

4.5 Shortfall Offer – Priority given to holders of Unmarketable Parcels

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.005 being the price at which Shares have been offered under the Offer.

Eligible Shareholders will be entitled to apply for Additional Shares under the Shortfall Offer prior to the Closing Date by following the instructions in Section 4.1. Eligible Shareholders who hold an Unmarketable Parcel of Shares as at the Record Date will be given priority to top-up their shareholding to a value of \$2,000 or more under the Shortfall Offer. Other than this priority, the Underwriter, in consultation with the Directors, reserves the right to issue Additional Shares at its absolute discretion.

5. RISK FACTORS

5.1 Introduction

The Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

5.2 Key investment risks

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Prospective investors should read this Offer Document in its entirety before deciding whether to apply for Shares under this Offer Document.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

5.3 Company specific risks

(a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted, the number of Shares in the Company will increase from 309,309,136 currently on issue to 371,170,963. This means that each Share will represent a significantly lower proportion of the ownership of the Company. Although Shareholders interests will not dilute if they accept their Entitlement in full.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to this Offer Document being lodged of \$0.005 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

As announced on 6 October 2016, the Company is considering undertaking a capital raising in relation to the Proposed Acquisition which could result in current Shareholders being further diluted.

(b) **Going concern risk**

The Company's annual financial report for the year ended 30 June 2016 include a going concern risk.

"Based on the future funding requirement for current cases and ongoing overheads, but excluding any proceeds from cases settled or won, there is a potential working capital shortfall in the next financial year.

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. In arriving at this position the directors have had regard to the fact that the Company has, or in the directors' opinion will have access to sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report. In forming this view the directors have taken into consideration that as the Company is listed on the Australian Securities Exchange it has access to the Australian equity capital markets. Accordingly the Company considers it will be able to raise funding from the market as and when required, although it cannot determine in advance the terms upon which it may raise such funding. As indicated in note 24, on 17th August 2016, the Company raised additional working capital of \$200,000 (before expenses) by way of the placement of 40,000,000 ordinary shares at 0.5cents per share.

The Company's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors including:

- receiving favourable outcomes in the Computer Accounting & Tax Pty Ltd case in the next 12 months;
- obtaining additional funding as and when required; and
- receiving the continued support of its shareholders.

Should the company not be able to achieve the above funding activities, there is significant uncertainty as to whether the company will be able to continue as a going concern and realise its assets and extinguish its liabilities in the ordinary course of business at the amounts stated in this financial report. The financial report does not include any adjustments relating to the recoverability or classification or recorded assets amounts, nor to the amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern."

Notwithstanding the 'going concern' Emphasis of Matter paragraph included in the Independent Auditor's Report issued to the Company for the financial year ended 30 June 2016, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to

long term working capital costs of the Company. Please refer to section 5.2(d) below for further details.

In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

(c) **Proposed Acquisition**

As set out in Section 3.1 above, the Company has entered into the conditional Sale Agreement, for the acquisition of all of the issued shares of The Infant Food Holding Co. Pty Limited (**IFC**).

If the Proposed Acquisition proceeds, the Company will seek to change activities from litigation funding company to an infant food company, focussed on the production and sale of organic infant food and goat infant milk formula. This would result in the Company being exposed to a number of new risks, including:

- (i) risks associated with competition and new technologies that the company will be exposed to in its focus on IFC and its products;
- (ii) risks associated with continuing the development and marketing of the IFC products;
- (iii) risks associated with being unable to deal with rapid growth to its business. If this rapid growth is unable to be properly managed, this failure could harm the Company's business through reduced demand for IFC's products, decreased customer satisfaction and damage to public perception;
- (iv) risks associated with relying on third party contracts for key deliverables in its business model such as manufacture, research and development and marketing; and
- (v) protection of intellectual property rights.

If the Proposed Acquisition does not proceed, the Company may need to look at other potential acquisitions in order for the Company to remain listed on the ASX.

There is a risk that if the Company proceeds with the Proposed Acquisition or any alternative acquisition, the new focus of the Company may not be consistent with the objectives of all existing Shareholders.

Any proposed change of activities will be subject to Shareholder approval, and detailed information regarding the risks applicable to the new business will be set out in a notice of meeting to be sent to Shareholders in due course.

(d) **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve

restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) **Competition**

New companies may enter the market of litigation funding in Australia and list on ASX and become competitors which may adversely affect the Company's competitive position.

(f) **Case Selection**

If the Company chooses cases to fund which are unsuccessful, take longer to resolve than originally anticipated or cost more than originally estimated or are otherwise not appropriate, the Company is likely to suffer financial loss.

(g) **Ability of Defendants to pay Judgments**

If the Company does not properly assess defendants for their ability to pay judgments, financial loss may be incurred by the Company even if the litigation is successful.

(h) **Changes in the Law**

Changes to existing statute laws and/or the common law in Australia or in other jurisdictions may have an adverse effect on the Company's business. In particular, if any law is enacted or any judicial decision is handed down to the effect that the Company was not able to carry on the business of litigation funding in accordance with its current business model, the success of the Company's business would be seriously jeopardised.

(i) **Financing and funding risk**

The Company's ability to effectively implement its business and operation plans in the future, to take advantage of other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for the Company's activities and future cases may result lost business opportunities and the Company's ability to continue as a going concern. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default could also result in the loss of assets.

5.4 General Risks

(a) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Offer Document.

(e) Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance

given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(f) **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Offer Document.

Therefore, the Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

6. ADDITIONAL INFORMATION

6.1 Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter agreed to conditionally underwrite the Offer (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% of the total gross amount underwritten by the Underwriter (equating to approximately \$18,559). The Company will also pay the Underwriter its reasonable costs and expenses incidental to the Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) (**Indices fall**): any of the All Ordinaries Index or the Standard and Poors / ASX 200 Index as published by ASX is for two (2) consecutive Business Days after the date of this Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement; or
- (b) (**Offer Document**): the Offer is withdrawn by the Company; or
- (c) (**Offer Materials**): a statement contained in the Offer Materials is or becomes misleading or deceptive or likely to mislead or deceive, or the Offer Materials omit any information they are required to contain;
- (d) (**New circumstance**): an obligation arises on the Company to give provide supplementary disclosure in relation to a matter that the Underwriter reasonably considers to be adverse, or a new circumstance that the Underwriter reasonably considers to be adverse, arises or becomes known which, if known at the time of issue of the Offer Materials would have been included in the Offer Materials; or
- (e) (**No Official Quotation**): Official Quotation has not been granted by the shortfall notice deadline date or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (f) (**Restriction on allotment**): the Company is prevented from allotting the Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (g) (**ASIC application**): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to this Offer Document, the shortfall notice deadline date has arrived, and that application has not been dismissed or withdrawn; or
- (h) (**Takeovers Panel**): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (i) (**Hostilities**): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this

agreement involving one or more of Australia, New Zealand, the United Kingdom, the United States of America, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or

- (j) **(Authorisation)** any authorisation which is material to anything referred to in this Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (k) **(Indictable offence):** a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (l) **(Termination Events):** in the reasonable opinion of the Underwriter, reached in good faith, any one of more of the following events occurs and is or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:
 - (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
 - (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company the Underwriting Agreement is or becomes untrue or incorrect; or
 - (iii) **(Contravention of constitution or Act):** a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
 - (iv) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in this Offer Document becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
 - (v) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or this Offer Document; or
 - (vi) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Rights Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive; or
 - (vii) **(Official Quotation qualified):** the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation"; or
 - (viii) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament

of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or

- (ix) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs; or
- (x) **(Suspension of debt payments)**: the Company suspends payment of its debts generally; or
- (xi) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company; or
- (xii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$25,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days; or
- (xiii) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in this Offer Document; or
- (xiv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion without the prior written consent of the Underwriter; or
- (xv) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company; or
- (xvi) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 7 Business Days; or
- (xvii) **(Force Majeure)**: a Force Majeure (as that term is defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
- (xviii) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xix) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by this Offer Document or any ASX announcement made prior to or on the Announcement Date; or
- (xx) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or

- (xxi) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

6.2 Material contract – Share Sale Agreement

As announced on 6 October 2016, the Company has entered into the Sale Agreement to acquire 100% of the issued shares of IFC. The Proposed Acquisition is subject to satisfaction of a number of conditions precedent.

The key terms of the Sale Agreement are summarised in the Company's ASX announcement dated 6 October 2016.

7. DEFINED TERMS

\$ or A\$ means an Australian dollar.

Additional Shares means those New Shares not issued under the Offer.

Applicant refers to a person who submits an Entitlement and Acceptance Form, or submits a payment of subscription monies in respect of the Offer.

Application refers to the submission of an Entitlement and Acceptance Form or Shortfall Application Form (as the case may be).

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

Closing Date means the closing date set out in Section 3.3 or such other date as may be determined by the Directors.

Company or means Hillcrest Litigation Services Limited (ACN 060 094 742).

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

Directors mean the directors of the Company.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement to subscribe for one (1) New Share for every five (5) Shares held by an Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Event of Insolvency means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any insolvency provision;

- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable Act to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

IFC means The Infant Food Holding Co. Pty Limited (ACN 164 764 676).

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the New Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in New Shares); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or
- (c) the Underwriters' obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of the Company and its subsidiaries either individually or taken as a whole.

New Share means a new Share proposed to be issued pursuant to this Offer.

Offer or Rights Issue means the pro rata non-renounceable offer of New Shares at an issue price of \$0.005 each on the basis of one (1) New Share for every five (5) Shares held on the Record Date subscribed for pursuant to this Offer Document.

Offer Document means this Offer Document.

Offer Materials means:

- (a) this Offer Document; and
- (b) the cleansing notice to be issued by the Company on the same date that this Offer Document is released to the ASX.

Official List means the official list of ASX.

Opening Date means the opening date set out in Section 3.3.

Prescribed Occurrence means:

- (a) a Relevant Company converting all or any of its Shares into a larger or smaller number of Shares other than as contemplated in relation to the Proposed Acquisition;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
 - (i) entering into a buy-back agreement or;
 - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (d) a Relevant Company making an issue of, or granting to subscribe for, any of its Shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of this Agreement other than as contemplated in relation to the Proposed Acquisition;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in relation to the Proposed Acquisition;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Proposed Acquisition has the meaning given in Section 3.1.

Record Date means the record date set out in Section 3.3.

Relevant Company means the Company and each material subsidiary of the Company within the meaning of the Corporations Act.

Sale Agreement has the meaning given in Section 3.1.

Section means a section of this Offer Document.

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

Shareholder means a holder of Shares.

Shortfall means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Offer has the meaning given in Section 3.10(c).

Underwritten Securities has the meaning given in Section 6.1.

Underwriter means PAC Partners Pty Ltd (ABN 13 165 738 438).

Unmarketable Parcel means a holding of Shares with a value of less than \$2,000 as at the date of this Offer Document.

US Person means a person who receives the Offer when they are located in either the United States of America.