

TasFoods Limited ACN 084 800 902

1 April 2016

By ASX Online

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

General meeting regarding proposed acquisition of Nichols Poultry and associated capital raising

TasFoods Limited (**Company**) has today despatched to shareholders a notice of general meeting to consider a number of resolutions, including to approve the proposed acquisition by the Company of the Nichols Poultry branded processing business in Tasmania and a proposed offer by the Company to issue up to 110 million fully paid ordinary shares in the Company at an issue price of at least \$0.275 each under a general offer to investors to raise up to \$30.25 million (to assist in funding the acquisition and to provide additional working capital). Shares issued under the offer will rank equally from the date of their issue with the existing fully paid ordinary shares in the Company.

Copies of the notice of general meeting and template proxy form accompany this announcement.

Waiver of rule 10.13.3 of the ASX Listing Rules

Subject to resolutions in relation to the proposed acquisition of Nichols Poultry and the capital raising being passed at the general meeting, related parties of the Company (such as the directors and/or their controlled entities) propose to participate in the general offer and in aggregate may be issued up to approximately 14.36 million shares in the Company.

ASX has granted a waiver of rule 10.13.3 of the ASX Listing Rules to allow shares to be issued to those related parties at the same time shares are issued to other investors under the capital raising, even though that may be later than 1 month after shareholder approval (which would otherwise not be permitted under that rule). A copy of the waiver is attached.



1 April 2016

Mr Hugh Scales / Mr Simon Raffin

Partner / Senior Associate

Norton Gledhill Commercial Lawyers

By email

Dear Hugh / Simon,

REQUEST FOR LISTING RULE CONFIRMATION – TASFOODS LIMITED (COMPANY)

I refer to your letter dated 23 March 2016 requesting a waiver from listing rule 10.13.3.

I am pleased to advise that ASX Limited (ASX) has decided to grant the waiver requested.

ASX's formal decision reads as follows.

"DECISION

1. *Based solely on the information provided, in connection with the proposed acquisition by TasFoods Limited (the "Company") of Nichols Poultry Pty Ltd and associated assets ("Nichols Poultry") involving poultry processing and related businesses in Tasmania (the "Acquisition"), and subject to the conditions detailed in paragraph 2, ASX Limited ("ASX") grants a waiver from listing rule 10.13.3 to the extent necessary to permit the Company's notice of meeting ("Notice") to approve the issue of the following securities at an issue price of at least \$0.275 per share as part of a capital raising to raise up to \$30.25 million ("Capital Raising"):*

- 1.1. *up to 7,272,728 shares to a director – Mr Rob Woolley;;*
- 1.2. *up to 1,818,182 shares to a director – Hugh Robertson;*
- 1.3. *up to 1,818,182 shares to a director – Roger McBain;*
- 1.4. *up to 363,637 shares to a director – Tony Robinson;*
- 1.5. *up to 1,818,182 shares to a director – Jane Bennett; and*
- 1.6. *up to 1,272,728 shares to the son of a director – Mr Tom Woolley.*

(together, the "Related Party Securities")

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Pty Limited
ABN 26 087 780 489

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as part of the Acquisition not to state that the Related Party Securities will be issued within 1 month of the date of the meeting.

2. *The waiver in resolution 1 is subject to the following conditions:*
 - 2.1. *Shareholders approve the issue of the Related Party Securities at the shareholder meeting dated 2 May 2016 (date subject to change).*
 - 2.2. *The Related Party Securities will be issued at the same time as other securities to be issued to non-related parties in the Capital Raising and in any event no later than 3 months after the date of the shareholder meeting.*
 - 2.3. *The Company releases the terms of the waiver to the market at the same time that it releases the Notice.*
3. *ASX has considered listing rules 10.13.3 only and makes no statement as to the Company's compliance with other listing rules.*

BASIS FOR DECISION

Listing rule 10.13.3

Standard waiver in accordance with ASX Guidance Note 17."

As you will see, the waiver is subject to certain conditions. Under Listing Rule 18.1.1, these conditions must be complied with for the waiver to be effective.

ASX's power to vary or revoke waiver

It should be noted that under ASX Listing Rule 18.3, ASX may vary or revoke this waiver at any time.

Further enquiries

If you have any further enquiries in relation to this matter, please feel free to contact me on 03 9617 8711 or at Zheng.Li@asx.com.au.

Yours sincerely,

Kobe Li
Senior Adviser, Listings Compliance (Melbourne)

TasFoods Limited
ACN 084 800 902

Notice of general meeting

Notice is given that a general meeting of TasFoods Limited (**Company**) will be held at the offices of the Company, 52-54 Tamar Street, Launceston, Tasmania, 7250 on Monday 2 May 2016 at 10:00 am (Launceston time).

Resolution 1 — approval of acquisition of Nichols Poultry and significant change to activities

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

That the acquisition by the Company of Nichols Poultry Pty Ltd and associated assets (**Nichols Poultry**) on the terms summarised in the explanatory statement accompanying the notice of this meeting, and the significant change to the nature and scale of the Company's activities in consequence of the acquisition, be approved for the purpose of rule 11.1.2 of the ASX Listing Rules and for all other purposes.

Resolution 2 — issue of shares in connection with acquisition

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

That:

- (a) the issue of up to 110 million fully paid ordinary shares in the Company under a general offer of the shares to investors at an issue price of at least \$0.275 each, and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to \$30.25 million to assist the Company fund payment of the consideration for the acquisition of Nichols Poultry and for other purposes; and
- (b) the issue of fully paid ordinary shares in the Company to Nichols Investments Pty Ltd in satisfaction of up to \$2 million of the consideration for the acquisition, at an issue price of at least \$0.275 each;

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

Resolution 3 — issue of shares to Rob Woolley

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

That the issue of up to 7,272,728 fully paid ordinary shares in the Company to Rob Woolley (and/or any of his related parties) at an issue price of at least \$0.275 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to approximately \$2,000,000 of the proposed capital raising in connection with the acquisition of Nichols Poultry, and any agreement by the Company to issue those shares, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes.

Resolution 4 — issue of shares to Hugh Robertson

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

That the issue of up to 1,818,182 fully paid ordinary shares in the Company to Hugh Robertson (and/or any of his related parties) at an issue price of at least \$0.275 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to approximately \$500,000 of the proposed capital raising in connection with the acquisition of Nichols Poultry, and any agreement by the Company to issue those shares, be

approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes.

Resolution 5 — issue of shares to Roger McBain

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

That the issue of up to 1,818,182 fully paid ordinary shares in the Company to Roger McBain (and/or any of his related parties) at an issue price of at least \$0.275 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to approximately \$500,000 of the proposed capital raising in connection with the acquisition of Nichols Poultry, and any agreement by the Company to issue those shares, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes.

Resolution 6 — issue of shares to Tony Robinson

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

That the issue of up to 363,637 fully paid ordinary shares in the Company to Tony Robinson (and/or any of his related parties) at an issue price of at least \$0.275 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to approximately \$100,000 of the proposed capital raising in connection with the acquisition of Nichols Poultry, and any agreement by the Company to issue those shares, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes.

Resolution 7 — issue of shares to Jane Bennett

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

That the issue of up to 1,818,182 fully paid ordinary shares in the Company to Jane Bennett (and/or any of her related parties) at an issue price of at least \$0.275 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to approximately \$500,000 of the proposed capital raising in connection with the acquisition of Nichols Poultry, and any agreement by the Company to issue those shares, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes.

Resolution 8 — issue of shares to Tom Woolley

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

That the issue of up to 1,272,728 fully paid ordinary shares in the Company to Tom Woolley (and/or any of his related parties) at an issue price of at least \$0.275 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, to raise up to approximately \$350,000 of the proposed capital raising in connection with the acquisition of Nichols Poultry, and any agreement by the Company to issue those shares, be approved for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules and for all other purposes.

Resolution 9 — issues of shares under placements

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

That the issue of 1,220,000 fully paid ordinary shares in the Company on 19 February 2016 and 8 March 2016 to sophisticated investors at the price of \$0.25 each and otherwise on the terms summarised in the explanatory statement accompanying the notice of this meeting, be approved for the purpose of rule 7.4 of the ASX Listing Rules and for all other purposes.

Dated: 30 March 2016

By order of the board



.....
Mark Licciardo
Company Secretary

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint one proxy or, if the member is entitled to cast two or more votes at the meeting, two proxies to attend and vote on behalf and instead of the member.
2. Where two proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
3. A proxy need not be a member.
4. A proxy form accompanies this notice. To be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of that power or authority, not less than 48 hours before the time for holding the meeting, namely by 10:00 am (Launceston time) on Saturday 30 April 2016:
 - (a) at the Company's share registrar, Advanced Share Registry Limited, by:
 - (1) hand delivery to 110 Stirling Highway, Nedlands, Western Australia, 6009;
 - (2) post to PO Box 1156, Nedlands, Western Australia, 6909; or
 - (3) facsimile on 08 9262 3723 (within Australia) or +61 8 9262 3723 (outside Australia); or
 - (b) at the registered office of the Company by:
 - (1) hand delivery or post to 52-54 Tamar Street, Launceston, Tasmania, 7250; or
 - (2) facsimile on 03 6256 9251 (within Australia) or +61 3 6256 9251 (outside Australia).
5. Regulation 7.11.37 determination: A determination has been made by the board of directors of the Company under regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that those persons who are registered as the holders of shares in the Company as at 7:00 pm (Launceston time) on Saturday 30 April 2016 will be taken to be the holders of shares for the purposes of determining voting entitlements at the meeting.

Voting exclusion statement:

The Company will disregard any votes cast on:

1. resolution 1 (approval of acquisition of Nichols Poultry and significant change to activities) by Nichols Investments Pty Ltd ACN 607 081 729 as trustee for the R & J N Family Trust, Blowing In The Wind Pty Ltd ACN 125 204 757, Robert John Nichols and Joanne Nichols (each a **Nichols Party**) and any other person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary shares in the Company) if the resolution is passed, or an associate of any such person;
2. resolution 2 (issue of shares in connection with acquisition) by a Nichols Party and any other person who may participate in the proposed issue or might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary shares in the Company) if the resolution is passed, or an associate of any such person;
3. resolution 3 (issue of shares to Rob Woolley) by Rob Woolley and/or any of his related parties that are to be issued shares, or an associate of any such person;
4. resolution 4 (issue of shares to Hugh Robertson) by Hugh Robertson and/or any of his related parties that are to be issued shares, or an associate of any such person;
5. resolution 5 (issue of shares to Roger McBain) by Roger McBain and/or any of his related parties that are to be issued shares, or an associate of any such person;
6. resolution 6 (issue of shares to Tony Robinson) by Tony Robinson and/or any of his related parties that are to be issued shares, or an associate of any such person;
7. resolution 7 (issue of shares to Jane Bennett) by Jane Bennett and/or any of her related parties that are to be issued shares, or an associate of any such person;
8. resolution 8 (issue of shares to Tom Woolley) by Tom Woolley and/or any of his related parties that are to be issued shares, or an associate of any such person; or
9. resolution 9 (issues of shares under placements) by a person who participated in the issue of shares, or an associate of any such person.

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

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

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

Explanatory statement

1. Important notices

This explanatory statement is dated 30 March 2016. It is an important document and should be read carefully. It comprises part of, and should be read in conjunction with, the notice of general meeting of TasFoods Limited (**Company**) to be held on 2 May 2016.

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

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

The information in this explanatory statement has been prepared by the Company partly from information provided to the Company by the persons who have granted the options to the Company to buy the shares in Nichols Poultry Pty Ltd and associated assets (**Nichols Poultry**), being Nichols Investments Pty Ltd ACN 607 081 729 as trustee for the R & J N Family Trust (**Nichols Investments**), Blowing In The Wind Pty Ltd ACN 125 204 757 (**Blowing In The Wind**), Robert John Nichols (**Rob Nichols**) and Joanne Nichols (each a **Nichols Party** and collectively the **Nichols Parties**). The Company has assumed for the purpose of preparing this explanatory statement that the information in sections 3.7 and 3.8, in statements attributed or relating to Nichols Poultry or a Nichols Party, and other information provided to the Company by, or on behalf of, a Nichols Party (**Nichols Poultry Statements**) is correct.

The information concerning the Company contained in this explanatory statement (other than the Nichols Poultry Statements and the independent accountant report) is the responsibility of the Company. None of the Company, its subsidiaries and their respective officers and employees and persons engaged by the Company in the preparation of this explanatory statement takes any responsibility for anything in the Nichols Poultry Statements or anything else prepared or distributed by a Nichols Party, except to the extent required by law.

Each Nichols Party has approved the Nichols Poultry Statements and has consented to them being included in this explanatory statement for despatch to the shareholders of the Company. The Nichols Poultry Statements are the responsibility of the Nichols Parties. None of the Nichols Parties and their respective officers and employees takes any responsibility for any other part of this explanatory statement or anything else prepared or distributed by the Company, except to the extent required by law.

If you have any questions regarding the matters set out in this explanatory statement (or elsewhere in the notice of general meeting), you may contact by telephone Jane Bennett on +61 418 567 480 or Rob Woolley on +61 414 508 130.

2. Key dates

Hold general meeting of Company	2 May 2016
Lodge prospectus for capital raising with ASIC	4 May 2016
Open capital raising offer	4 May 2016

Close capital raising offer	20 May 2016 at 5:00 pm (Launceston time)
Issue shares under capital raising	31 May 2016
Complete acquisition	31 May 2016

Dates in the above timetable and elsewhere in this explanatory statement are indicative only and subject to change. The Company reserves the right, subject to the *Corporations Act 2001* (Cth) (**Corporations Act**) and the ASX Listing Rules, to change any date. If the above timetable changes materially, the change will be announced through the Australian Securities Exchange (**ASX**).

3. Resolution 1 — approval of acquisition of Nichols Poultry and significant change to activities

3.1 Background

The food sector is an area of investment focus for the Company. The Company's strategy is to build an integrated business based on premium branded food products primarily sourced from Tasmania. Consistent with that investment focus, the Company completed the acquisition of the Meander Valley Dairy branded food products business based in Tasmania in September 2015. The Company has since identified the Nichols Poultry business as another strategic acquisition for the Company.

3.2 Overview of acquisition

The Company has been granted an option to acquire 100% of the shares in Nichols Poultry Pty Ltd, which owns and operates the Nichols Poultry branded processing business. The Company also has inter-conditional options to acquire an electricity generating wind turbine and approximately 91 hectares of land on which the processing facility, feed mill and wind turbine are located.

The consideration for the acquisition is \$12,550,000 (plus any GST), subject to certain adjustments — see section 3.12 for further details. The adjustments include certain finance debt and related party liabilities owing by Nichols Poultry Pty Ltd that the Company has agreed to pay on behalf of Nichols Poultry Pty Ltd at or after completion of the acquisition and for which there is a corresponding reduction in the consideration payable to the Nichols Parties for the sale of Nichols Poultry.

Up to \$2 million of the consideration is to be satisfied by the issue of fully paid ordinary shares in the Company to Nichols Investments. The issue price for each of those shares will be \$0.30 (or the issue price under the proposed capital raising, if that price is less than \$0.30).

The balance of the consideration is to be paid in cash.

The Company proposes to offer for issue up to 110 million fully paid ordinary shares in the Company at an issue price of at least \$0.275 each under a general offer to investors to raise up to \$30.25 million to assist with funding of the acquisition and to provide the Company with working capital as it continues its strategy of developing and acquiring premium branded food products and businesses.

The options to acquire Nichols Poultry expire on 31 May 2016 (but may be extended by the Company up to 30 June 2016 due to delays in the transaction timetable). Once exercised, the acquisition becomes unconditional and completion is required to occur within 5 business days. The Company is carrying out legal and financial due diligence in relation to Nichols Poultry.

The acquisition is subject to a lease of part of the 91 hectare property to Rob Nichols for grazing and cropping, and a grower's agreement with Rob Nichols for him to raise chickens for the Nichols Poultry business.

See section 3.12 for a summary of the material terms of the acquisition.

3.3 Funding

As at 31 December 2015, the Company had cash and cash equivalent assets and accounts receivable of approximately \$4,517,000 and accounts payable and other liabilities of approximately \$1,176,000, and no borrowings.

Since 31 December 2015 to the date of this explanatory statement, the Company's available net cash resources have increased by approximately \$5,014,000 to \$8,355,000, principally due to the issue of shares in February 2016 to make up the shortfall under the share purchase plan offer conducted last November and under a small placement.

In addition, the Company is seeking up to \$30.25 million under the capital raising the subject of shareholder approval under resolution 2.

Accordingly, if the capital raising is successful the Company expects to have sufficient available cash resources to pay the cash component of the consideration for Nichols Poultry (together with the expected completion adjusted finance debts and related party liabilities owing by Nichols Poultry Pty Ltd that the Company has agreed to pay on behalf of Nichols Poultry Pty Ltd at or after completion of the acquisition) and to provide it with approximately \$26,443,000¹ in working capital to fund the ongoing operations of the Company (combined with the Nichols Poultry business) and to continue its strategy of developing and acquiring premium branded food products and businesses.

1. This amount has been calculated as the Company's estimated current available net cash resources of \$8,355,000 plus the additional share capital of \$30.25 million through the proposed capital raising less the estimated completion adjusted cash component of the consideration and payment of the assumed finance debt and related party liabilities of Nichols Poultry Pty Ltd at completion totalling \$10,160,000 less the estimated capital raising and transaction costs of \$2,002,000 (see further notes 3 and 4 in section 3.10).

3.4 Senior management

It is intended that Rob Nichols will remain the chief executive officer of the Nichols Poultry business following completion.

3.5 Business model

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

3.6 Reasons

The Company proposes to acquire Nichols Poultry because:

- (a) the Nichols Poultry business is well-established and profitable with a strong brand presence in Tasmania;
- (b) the purchase by the Company will provide the funding required to action an existing business plan of Nichols Poultry for development of a premium range and brand with national distribution;
- (c) the acquisition fits well with the Company's strategy of ultimately building an integrated business based on premium branded food products primarily sourced from Tasmania; and
- (d) the Nichols Poultry operation has a network of established contract growers, a highly skilled workforce and a management team with a depth of industry knowledge and expertise.

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

3.7 Nichols Poultry

The Nichols Poultry branded poultry processing business is owned and operated by Nichols Poultry Pty Ltd. Nichols Poultry is a well recognised local food brand in Tasmania. It is in a growth market of chicken meat and is the second largest poultry processor in Tasmania, producing chickens and turkeys for the Tasmanian market. Nichols Poultry is located in Sassafras on the north west coast of Tasmania, a 15 minute drive south east of the Devonport port.

The business utilises a network of contract growers located on neighbouring farms and the 91 hectare property to raise the Nichols Poultry owned chickens using feed supplied by the feed mill owned by Nichols Poultry. Nichols Poultry has a number of attributes that position the business to supply products for a premium market including the use of European air chill technology. The opportunity is to expand production capacity of the business and then actively market premium poultry and value added products to grow Nichols Poultry from a local Tasmanian brand into a national distributor of premium poultry. The business has been in operation since the mid-1980s and now has approximately 100 employees.

In addition to the 91 hectare property and wind turbine, the assets that are either owned by Nichols Poultry Pty Ltd or will be acquired as part of the property or separately in consequence of exercising the options, include 2 farm houses, chicken raising sheds, chicken processing and packing facilities and equipment, a blast chiller, freezer and other refrigeration equipment, grain silo and storage facility, feed mill and feeding equipment, and water tanks, pumps and water treatment plant.

3.8 Historical financial position and performance of Nichols Poultry

The historical financial information in this section 3.8 has been extracted from the unaudited special purpose financial statements for Nichols Poultry Pty Ltd for the 12 months ended 30 June 2014 and 30 June 2015, and for the 6 months ended 31 December 2015.

The financial statements were prepared for use by the directors and members of Nichols Poultry Pty Ltd.

The information is a summary only and does not contain the disclosures provided in annual financial reports in accordance with the Corporations Act. Amounts have been rounded to the nearest \$1,000. The past performance of Nichols Poultry is not a guide to its future performance. Further, as noted above the historical financial information presented below has been extracted from unaudited financial statements and, therefore, may differ from the historical financial information for Nichols Poultry to be included in the prospectus for the proposed offer which is expected to be audited and/or reviewed.

Statement of assets and liabilities

(\$'000)	As At 31 Dec 2015 (Unaudited)		
	Nichols Poultry Pty Limited	Land, Wind Turbine, Plant and Buildings	Combined
Current Assets			
Cash & Cash Equivalents	-	-	-
Trade & Other Receivables	1,677	-	1,677
Stock	1,448	-	1,448
Other Current Assets	-	-	-
Total Current Assets	3,124	-	3,124
Non-Current Assets			
Property, Plant & Equipment	3,827	5,313	9,140
Prepayments	-	-	-
Intangible Assets	8	105	113
Total Non-Current Assets	3,835	5,418	9,253
TOTAL ASSETS	6,959	5,418	12,377
Current Liabilities			
Trade & Other Payables	4,852	-	4,852
Current Tax Payable	-	-	-
Provisions	32	-	32
Borrowings	1,596	-	1,596
Total Current Liabilities	6,481	-	6,481
Non-Current Liabilities			
Borrowings	857	-	857
Deferred Tax Liabilities	-	-	-
Total Non-Current Liabilities	857	-	857
TOTAL LIABILITIES	7,338	-	7,338
NET ASSETS	(379)	5,418	5,039

Statement of normalised profit or loss and other comprehensive income

(\$'000)	For the Year Ended		6 Months to
	June 2014 (Normalised)	June 2015 (Normalised)	December 2015 (Normalised)
Sales	18,866	22,035	12,476
Direct Expenses	(12,312)	(13,769)	(7,136)
Gross Profit	6,554	8,266	5,340
Other Income	557	383	208
Employment Expense	(5,534)	(7,173)	(3,641)
Insurance Expense	(252)	(251)	(68)
Occupancy Expense	(195)	(294)	(157)
Repairs and Maintenance Expense	(265)	(212)	(221)
Other Expenses	(926)	(813)	(467)
EBITDA	(61)	(95)	993
Depreciation	(246)	(257)	(131)
EBIT	(306)	(352)	862

A reconciliation of the actual earnings before interest and taxes is illustrated below:

(\$'000)	Notes	For the Year Ended		6 Months to
		June 2014 (Unaudited)	June 2015 (Unaudited)	December 2015 (Unaudited)
Actual EBIT		(869)	(913)	643
Rent for Growing Sheds	a	145	145	72
Rent for Farm Lands	a	50	50	25
Wind Turbine	b	52	52	25
Reversal of Rent Paid to Nichols Farms	c	146	144	107
Rates and Water Rights	d	(20)	(20)	(10)
Bring Feedmill into Nichols Poultry	e	190	190	-
Normalised EBIT		(306)	(352)	862

The above statements show assets, revenue and expenses as if all of the Nichols Poultry associated assets proposed to be acquired by the Company were owned by Nichols Poultry Pty Ltd throughout the relevant periods. In consequence, a number of normalisation adjustments have been taken up, including:

- (a) additional rental income which is expected to be received by the Company for the leaseback to Rob Nichols of land and shed infrastructure on part of the 91 hectare property to be acquired by the Company;
- (b) reversal of electricity costs paid by Nichols Poultry Pty Ltd to a Nichols Party for electricity generated by the wind turbine that is to be acquired by the Company;
- (c) reversal of rental costs paid by Nichols Poultry Pty Ltd to a Nichols Party for the use of part of the 91 hectare property that is to be acquired by the Company;
- (d) additional rates and water entitlements costs in respect of the 91 hectare property and water entitlements that are to be acquired by the Company; and

- (e) reversal of the margin on feed stock supplied to Nichols Poultry Pty Ltd by a Nichols Party under an arrangement that will terminate upon completion of the acquisition.

The Nichols Parties are not aware of any matter or circumstance that has significantly or may significantly affect the operations of Nichols Poultry, the results of those operations or the state of affairs of Nichols Poultry after 31 December 2015.

3.9 Effect of acquisition and offer on shareholder interests

As explained in section 3.2, the Company intends to issue up to 110 million fully paid ordinary shares, partly to satisfy up to \$2 million of the consideration for the acquisition of Nichols Poultry, partly to fund the balance of the consideration and partly for working capital purposes.

Set out below is a table showing the effect of the issue of these shares on the issued share capital of the Company:

	Number	Percentage of Company's total issued shares following all share issues ¹
A Current issued shares	53,330,181	31.26%
B Shares that may be issued to Nichols Investments in part satisfaction of the acquisition consideration ²	7,272,727	4.26%
C Shares that may be issued under capital raising offer to assist funding payment of acquisition consideration and provide working capital ³	110,000,000	64.48%
Total	170,602,908	100.00%

1. Percentages rounded to second decimal place.

2. This assumes that the shares are issued at the minimum issue price under the proposed capital raising of \$0.275 each.

3. This assumes that the full \$30.25 million is raised under the capital raising and that the shares are issued at the minimum issue price under the proposed capital raising of \$0.275 each.

In addition, the Company has issued 18.5 million options to directors and senior executives, each option being to subscribe for 1 new fully paid ordinary share in the Company. Assuming all of those shares are issued, then the shares that may be issued under the capital raising offer and the shares that may be issued to Nichols Investments would reduce from 64.48% and 4.26% to 58.17% and 3.85% respectively.

3.10 Financial effect of acquisition and offer on Company

The pro-forma historical statement of financial position set out below illustrates the expected financial effect of the acquisition and general offer on the Company. The information is presented in abbreviated form and does not include all of the disclosures, statements or comparative information required by the Australian Accounting Standards applicable to the preparation of annual financial reports in accordance with the Corporations Act.

The pro-forma historical statement of financial position is designed to assist investors in assessing the impact of material transactions by the Company subsequent to 31 December 2015, along with the proposed capital raising of up to \$30.25 million and acquisition of Nichols Poultry. It has been prepared for illustrative purposes only. Amounts have been rounded to the nearest \$1,000. The actual statement of financial position of the Company will differ to that set out below.

	As at 31 December 2015 (Reviewed)	Issue of Shares (19 February and 8 March 2016)	Pro Forma (Pre Offer & Acquisition)	Impact of the Offer	Impact of the Acquisition	Pro Forma
(\$'000)	(NOTE 1)	(NOTE 2)		(NOTE 3)	(NOTE 4)	
Current Assets						
Cash & Cash Equivalents	2,799	5,822	8,621	28,694	(7,207)	30,109
Trade & Other Receivables	1,718	-	1,718	-	1,677	3,395
Stock	-	-	-	-	1,448	1,448
Other Current Assets	101	-	101	-	-	101
Total Current Assets	4,618	5,822	10,440	28,694	(4,082)	35,052
Non-Current Assets						
Property, Plant & Equipment	230	-	230	-	9,140	9,370
Prepayments	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	467	-	467
Intangible Assets	1,879	-	1,879	-	3,834	5,713
Total Non-Current Assets	2,109	-	2,109	467	12,974	15,550
TOTAL ASSETS	6,727	5,822	12,549	29,161	8,892	50,602
Current Liabilities						
Trade & Other Payables	989	-	989	-	4,852	5,841
Current Tax Payable	-	-	-	-	-	-
Provisions	187	-	187	-	32	219
Borrowings	-	-	-	-	1,596	1,596
Total Current Liabilities	1,176	-	1,176	-	6,481	7,657
Non-Current Liabilities						
Borrowings	-	-	-	-	857	857
Total Non-Current Liabilities	-	-	-	-	857	857
TOTAL LIABILITIES	1,176	-	1,176	-	7,338	8,514
NET ASSETS	5,551	5,822	11,373	29,161	1,554	42,088
Equity						
Contributed Equity	6,618	5,822	12,440	29,237	2,000	43,677
Reserves	584	-	584	-	-	584
Retained Earnings / (Losses)	(1,651)	-	(1,651)	(76)	(446)	(2,173)
TOTAL EQUITY	5,551	5,822	11,373	29,161	1,554	42,088

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

Note 1: The actual reviewed consolidated statement of financial position of the Company as at 31 December 2015 (as set out in the appendix 4E – preliminary final report that was lodged with ASX on 29 February 2016) has been adopted as the starting point for the preparation of the pro-forma historical statement of financial position.

Note 2: On 19 February 2016 and 8 March 2016, the Company issued a total of 23,432,000 ordinary shares at \$0.25 each to sophisticated and professional investors who took up the shortfall in the Company's share purchase plan offer and under placements of shares — see section 6. The amount reflected above in the pro-forma adjustment is net of any costs incurred.

Note 3: Pro-forma adjustment reflects the impact of the proposed general offer on the Company, assuming the following:

- (a) The shares will be offered at the minimum issue price of \$0.275 each and the offer will be fully subscribed (i.e. the full 110 million shares on offer will be issued for \$0.275 each).
- (b) Costs of the offer have been estimated to be \$1,556,000 comprising:
 - (1) commission in the amount of \$1,210,000 (being 4% of the proceeds raised) payable to stock brokers on the basis that they arrange subscriptions for all of the shares available under the offer (with no commission being payable on shares issued to related parties of the Company); and

- (2) legal, accounting and other costs in the amount of \$346,000.

The above costs of the offer have been deducted from equity to the extent permitted by AASB 132 *Financial Instruments*, net of any deferred income tax benefit.

Note 4: The following pro-forma adjustments have been made to reflect the impact of the acquisition of Nichols Poultry on the Company:

- (a) Pro-forma adjustments to recognise the estimated consideration to be paid by the Company totalling \$8,760,000, comprising:
- (1) an issue of up to \$2 million of shares in the Company; and
 - (2) a cash component of \$6,760,000 being the non-refundable option fee of \$500,000 already paid by the Company (which will be applied to reduce the consideration payable at completion of the acquisition, if the option is exercised) plus the balance of the cash consideration of \$10,050,000 less estimated net completion adjustments of \$3,790,000 (based on the fair value of the assets and liabilities of Nichols Poultry Pty Ltd at 31 December 2015 as reported in its unaudited special purpose financial statements for the 6 months ended 31 December 2015).
- (b) Pro-forma adjustments to recognise the estimated completion adjusted finance debt and related party liabilities owing by Nichols Poultry Pty Ltd of approximately \$3,900,000 which the Company has agreed to pay on behalf of Nichols Poultry Pty Ltd at or after completion of the acquisition (based on the liabilities of Nichols Poultry Pty Ltd at 31 December 2015 as reported in its unaudited special purpose financial statements for the 6 months ended 31 December 2015).
- (c) Pro-forma adjustments to recognise the fair value of the assets and liabilities of Nichols Poultry Pty Ltd at 31 December 2015 as reported in its unaudited special purpose financial statements for the 6 months ended 31 December 2015 plus the value of the land, wind turbine and other associated assets based on the consideration agreed to be paid for them, being \$5,040,000 on a net basis, resulting in intangible assets on acquisition of \$3,720,000.
- (d) The directors have prepared the above pro-forma adjustments on a provisional basis in accordance with paragraph 45 of AASB 3 *Business Combinations*.
- (e) Pro-forma adjustments to recognise costs of the acquisition which are assumed will total \$446,000 comprising stamp duty in the amount of \$276,000 and legal, accounting and other costs in the amount of \$170,000.

3.11 Independent accountant report

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

3.12 Material terms of acquisition

Options and consideration

The Company has 3 inter-conditional options as follows:

- (a) An option from Nichols Investments to acquire all of the issued shares in Nichols Poultry Pty Ltd, which owns and operates the poultry processing business and has water entitlements with an annual allocation of approximately 10 megalitres.

- (b) An option from Rob Nichols and Joanne Nichols to acquire (including through a nominee) approximately 91 hectares of land and water entitlements with an annual allocation of approximately 150 megalitres.
- (c) An option from Blowing In The Wind to acquire an electricity generating wind turbine located on the 91 hectare property.

The aggregate consideration for the acquisition is \$12,550,000 (plus any GST), subject to the following adjustments:

- (a) The consideration will be increased by the cost of additional plant and equipment and other capital items acquired by Nichols Poultry Pty Ltd since 31 July 2015 to completion up to \$514,656 in the aggregate.
- (b) The consideration will also be increased by the total amount or value of the stock and accounts receivable of Nichols Poultry Pty Ltd at completion of the acquisition.
- (c) The consideration will be reduced by the total amount or value of the accounts payable, employee provisions, tax liabilities, finance debt and other liabilities of Nichols Poultry Pty Ltd at completion. The Company has agreed to pay on behalf of Nichols Poultry Pty Ltd certain of these liabilities that are finance debt or related party liabilities.

The consideration is to be satisfied as follows:

- (a) Up to \$2 million will be satisfied by the issue of new fully paid ordinary shares in the Company to Nichols Investments at an issue price which is the lower of \$0.30 and the issue price under the proposed capital raising (which will be at least \$0.275). For example, if the issue price is \$0.30, up to 6,666,666 shares will be issued to Nichols Investments, and if the issue price is \$0.275, up to 7,272,727 shares will be issued to Nichols Investments.
- (b) The balance of the consideration, including any completion adjusted finance debt and related party liabilities the Company pays on behalf of Nichols Poultry Pty Ltd, will be paid in cash (to be funded by the proposed capital raising).

The Company has paid a \$500,000 non-refundable option fee which will be applied to reduce the consideration payable at completion, if the option is exercised.

Exercise of options and completion of acquisition

If the Company exercises its options to acquire Nichols Poultry, the acquisition will become unconditional and completion will be required to occur within 5 business days. Accordingly, the Company will only exercise the options if:

- (a) shareholders approve the acquisition and issue of shares under the capital raising;
- (b) sufficient capital is raised to complete the acquisition; and
- (c) the Company believes that it will be able otherwise to re-satisfy the ASX admission requirements.

Completion date

If the general meeting is held, shareholder approval is obtained and the capital raising is completed as planned, the Company expects to be in a position to be able to exercise the options on 24 May 2016, in which case completion will be required to occur on 31 May 2016.

Lease of part of property

If the Company exercises its options to acquire Nichols Poultry, it will also be required at completion to grant a lease of part of the 91 hectare property to Rob Nichols for a term of 3 years. Under the terms of the lease:

- (a) the leased property may only be used for grazing and cropping purposes;
- (b) the annual rent payable to the Company is \$50,000 plus GST, increased each year based on the all groups consumer price index for Hobart;
- (c) the tenant is required to pay utilities and other outgoings in relation to the leased property, to maintain public risk and building insurance, and keep the buildings and improvements on the leased property in good repair (having regard to their condition at the start of the lease); and
- (d) the tenant is entitled to use approximately 60 megalitres of the Company's annual allocation under the water entitlements.

Grower's agreement

Nichols Poultry Pty Ltd has entered into a grower's agreement with Rob Nichols for him to raise chickens for the Nichols Poultry business subject to, and for a period of 3 years from, completion by the Company of the acquisition. Under the terms of the agreement:

- (a) the Company will make available the 12 growing sheds located on the 91 hectare property to raise the chickens, and Nichols Poultry Pty Ltd will (at its own cost) provide the young chickens and feed, medication, vaccinations and other supplies for the chickens;
- (b) Rob Nichols will raise the chickens according to the Company's procedures and farming standards (including biosecurity requirements); and
- (c) Rob Nichols will be entitled to be remunerated for chickens raised in line with the rates payable by Nichols Poultry to its other growers.

3.13 Risks

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

Reliance on chicken growers

The Nichols Poultry business relies on third party producers to grow the chickens it processes and sells. The termination of such arrangements could result in significant adverse financial consequences, as it may take some time to replace the lost supplies of chickens.

Reliance on major customers

Nichols Poultry has major customers for its products, such as supermarkets. A reduction in product demand from such a customer (or a loss of the customer altogether) could result in significant adverse financial consequences, as it may take some time to replace the lost sales.

Environmental risk

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

Commercial, operational and product risk

The Company will be subject to general commercial and operational risks including changes to market competition, reductions in water entitlements (or variations to the conditions applicable to water entitlements) and events that interrupt or hinder production, such as a reduction in the availability of chickens due to infection or disease. Such events could adversely affect the Company's financial performance. The Company will also face inherent risks including failure of machinery, energy suppliers and computer equipment, and industrial action. Further, there will be increases from time to time in the costs of operating the Nichols Poultry business, which the business may be unable to pass on to customers through increased prices for its products, adversely affecting the profitability of Nichols Poultry.

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

As with other poultry processors, the Company will also be exposed to the risk of product contamination and product recalls in connection with chickens processed by the Nichols Poultry business.

Debt risk

As the Company continues to expand its business, it may establish a loan facility with a bank to fund acquisitions or provide working capital. If it were to do so, the Company expects that, among other things, it would be required to give security for any such loan (e.g. a mortgage over the 91 hectare property) and to comply with covenants in relation to the financial position and performance of the Company. Any default by the Company under its loan obligations may have a materially adverse financial impact on the Company.

Regulatory risk

A range of laws and regulations apply to the Nichols Poultry business, including laws and regulations specific to the chicken meat industry. Future changes to such laws and regulations may detrimentally effect the operations and performance of the Nichols Poultry business.

General economic conditions

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

Force majeure events

Events such as natural disasters or chicken-related disease outbreaks may occur which may have an impact on the Nichols Poultry business. Any such force majeure events may have a negative impact on the value of an investment in the Company.

3.14 Rule 11.1.2 of the ASX Listing Rules

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

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

3.15 Rule 11.1.3 of the ASX Listing Rules

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

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

- (a) The Company must issue a prospectus for the proposed capital raising. The Company intends to lodge the prospectus with ASIC shortly after the general meeting.
- (b) The Company must have a sufficient spread of shareholders e.g. at least 300 to 400 shareholders holding shares with a value of at least \$2,000 (based on the issue price for a fully paid ordinary share in the Company under the proposed capital raising to fund the acquisition). As at the date of this explanatory statement, the Company had approximately 860 shareholders holding shares of at least that value (assuming the shares under the proposed capital raising are issued at the minimum issue price of \$0.275 each) and expects to continue to satisfy the spread requirement following the issue of shares under the proposed capital raising before completion of the acquisition.
- (c) The Nichols Poultry business, or the Company (combined with the Nichols Poultry business), must satisfy either the profits test or assets test. The profits test requires the business, among other things, to be a going concern with aggregated profit of at least \$1 million from continuing operations for the last 3 full financial years, and consolidated profit of more than \$400,000 from continuing operations for the 12 months ending on a date which is no more than 2 months before the application to re-satisfy the admission conditions is made. The assets test requires the Company (combined with the Nichols Poultry business), among other things, to have net tangible assets of at least \$3 million (after deducting the costs of raising funds) or a market capitalisation of at least \$10 million, as well as working capital of at least \$1.5 million. The Company expects to be able to meet the assets test.
- (d) The Company must complete the acquisition of Nichols Poultry. Completion is scheduled to occur on 31 May 2016.

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

3.16 Directors' recommendation

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

4. Resolution 2 — issue of shares in connection with acquisition

4.1 Proposed share issue

The Company is proposing to undertake a general offer of up to 110 million ordinary shares in the Company at a minimum issue price of \$0.275 each, payable in full before the issue of the shares, to raise up to \$30.25 million (before costs of the offer). It is expected that shares will be offered to investors identified or selected by or on behalf of the Company, as well as a broad range of other potential investors. The actual issue price may be higher than \$0.275 and will be finalised by the time the proposed offer is made to investors.

In addition, the Company is proposing to issue ordinary shares in the Company in part satisfaction of the consideration payable for the Nichols Poultry acquisition.

However, as noted in section 3.15, a condition for re-admission to quotation of the Company's shares is that a prospectus for the proposed capital raising must be issued and lodged with ASIC. Accordingly, the Company will prepare a prospectus for the proposed issues to be lodged with ASIC shortly after the general meeting.

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

The funds to be raised by the offer (after costs) are intended to be used to assist in funding payment of the consideration for the Company's acquisition of Nichols Poultry and to provide the Company with working capital as it continues its strategy of developing and acquiring premium branded food products and businesses, as described in section 3.

All shares are to be issued under resolution 2 at or before completion of the acquisition of Nichols Poultry, and within 3 months after the meeting.

4.2 Business objectives and expenditure program

As noted in section 3.1, the Company's strategy is to build an integrated business based on premium branded food products primarily sourced from Tasmania. The Company intends to do this through the evaluation, acquisition, development, integration and/or marketing of suitable businesses, products and brands.

The funds to be raised under the offer are intended to be used to assist in funding payment of the consideration for the Company's acquisition of Nichols Poultry, as well as to provide the Company with working capital to be used in a way that is consistent with these business objectives.

Further details about how the Company intends to use the funds to be raised under the offer are set out below:

Description	Amount ¹
Estimated current available cash ²	\$8,355,000
Additional share capital through the issue of 110 million shares under general offer ³	\$30,250,000
Total cash resources	\$38,605,000

Planned expenditure⁴	
Nichols Poultry acquisition consideration ⁵	(\$10,160,000)
Transaction and capital raising costs ⁶	(\$2,002,000)
Nichols Poultry capital developments ⁷	(\$5,000,000)
Marketing and other development of Nichols Poultry and Meander Valley Dairy ⁸	(\$3,000,000)
New factory premises for Meander Valley Dairy ⁹	(\$13,000,000)
Total planned expenditure	(\$33,162,000)
Balance	\$5,443,000

1. Amounts are rounded to nearest \$1,000.

2. See section 3.3.

3. This assumes that the general offer is fully subscribed and the issue price for each share is \$0.275.

4. Expenditure amounts are estimates only.

5. Acquisition consideration is subject to adjustments, including certain finance debt and related party liabilities owing by Nichols Poultry Pty Ltd that the Company has agreed to pay on behalf of Nichols Poultry Pty Ltd at or after completion of the acquisition — see section 3.12 and note 4 in section 3.10.

6. This includes legal and accounting fees, broker commission, ASX fees, and printing and registry costs.

7. This includes capital and equipment costs to expand and develop existing poultry processing facility, and sheds and growing infrastructure.

8. This includes new product development, additional staff and branding costs.

9. This includes costs of relocating the existing Meander Valley Dairy factory premises, and land acquisition and construction, equipment and fit out costs for new factory premises.

The above sets out the Company's current intentions. As with any budget, intervening events or new circumstances have the potential to affect the way the funds are ultimately spent.

4.3 Rule 7.1 of ASX Listing Rules

Rule 7.1 of the ASX Listing Rules requires the Company to obtain shareholder approval if it wishes to issue, or agrees to issue, equity securities in a 12 month period in excess of 15% of the fully paid ordinary shares in the Company on issue, subject to a number of exceptions set out in rule 7.2. The 15% limit is calculated on the total number of fully paid ordinary shares on issue excluding shares issued or agreed to be issued in the previous 12 months that are not issued under an exception in rule 7.2 or with shareholder approval under rule 7.1 or 7.4. The number of shares which may be issued in part satisfaction of the consideration for the Nichols Poultry acquisition and in consequence of the proposed capital raising offer would exceed that 15% limit.

If resolution 2 is passed, the approval of shareholders to the issue of up to 110 million ordinary shares at an issue price of at least \$0.275 each in connection with the acquisition of Nichols Poultry will be obtained for the purpose of rule 7.1. The Company will then also have the flexibility to issue additional equity securities without shareholder approval in the next 12 months up to 15% of the fully paid ordinary shares in the Company on issue, including those issued under the approval in resolution 2.

4.4 Directors' recommendation

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

5. Resolutions 3 to 8 — issue of shares to related parties

5.1 Background

The directors of the Company, namely Rob Woolley, Hugh Robertson, Roger McBain, Tony Robinson and Jane Bennett as well as the chief operating officer of the Company, Tom Woolley (and/or their respective related parties such as an entity controlled by the director or chief operating officer, or a spouse or child of the director or chief operating officer) propose to

participate severally in the capital raising described in section 4, subject to shareholder approval under resolutions 3 to 8 respectively, as follows:

This person (and/or any of the related parties of this person) ...	may be issued up to this many fully paid ordinary shares under the capital raising ...	to raise up to approximately this much share capital ...
Rob Woolley	7,272,728 ¹	\$2,000,000
Hugh Robertson	1,818,182	\$500,000
Roger McBain	1,818,182	\$500,000
Tony Robinson	363,637	\$100,000
Jane Bennett	1,818,182	\$500,000
Tom Woolley	1,272,728 ²	\$350,000
Total	14,363,639	\$3,950,000

1. Although Tom Woolley is a related party because he is the son of Rob Woolley, these shares which are to be issued to Rob Woolley (and/or any of his related parties) with shareholder approval under resolution 3 do not include any shares which may be issued to Tom Woolley (and/or any of his related parties that are entities controlled by him) with shareholder approval under resolution 8.
2. These shares which are to be issued with shareholder approval under resolution 8 only include shares which may be issued to Tom Woolley (and/or any of his related parties that are entities controlled by him). They do not include any shares which may be issued to Rob Woolley (and/or any of his other related parties) with shareholder approval under resolution 3.

All shares issued to related parties of the Company will be issued on the same terms and conditions, and at the same time, as the shares issued to other investors under the general offer.

5.2 Rule 10.11 of the ASX Listing Rules

Rule 10.11 of the ASX Listing Rules states that an entity must not issue (or agree to issue) securities to certain persons without shareholder approval, unless one of the exceptions in rule 10.12 applies. Those persons include a related party of the entity. A related party of a company includes:

- a director of the company;
- a spouse or de facto spouse of a director of the company;
- parents and children of a director of the company or his or her spouse or de facto spouse; or
- an entity controlled by any of the persons mentioned in (a) to (c) above.

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

Accordingly, shareholders are being asked to approve, by passing resolutions 3 to 8, the issue of shares as summarised in section 5.1 to related parties of the Company, for the purposes of rule 10.11 and exception 10 in rule 10.12 of the ASX Listing Rules.

Rule 10.13.3 of the ASX Listing Rules states that the date of issue of securities to a related party of an entity must not be more than 1 month after shareholder approval of the issue is obtained. Assuming resolutions 3 to 8 are passed, the Company intends to issue the shares to the related parties at the same time it issues shares to other investors under the capital raising, which is expected to be more than 1 month after the meeting. In the circumstances, ASX has granted the Company a waiver from rule 10.13.3 so that the shares may be issued not more than 3 months after the date of the meeting.

5.3 Directors' recommendation

Given resolutions 3 to 8 relate to an issue of shares to directors and management, the directors do not consider it appropriate for them to make a recommendation to shareholders about how to vote on resolutions 3 to 8 and do not do so.

6. Resolution 9 — issues of shares under placements

6.1 Background

On 19 February 2016 and 8 March 2016, the Company issued a total of 23,432,000 new fully paid ordinary shares in the Company to sophisticated investors, professional investors and others such that disclosure was not required under part 6D.2 of the Corporations Act. The shares were issued as fully paid ordinary shares, ranking equally with all other fully paid ordinary shares in the Company then on issue.

All of the shares were issued for \$0.25 each, raising \$5,858,000. The funds raised (after costs) are intended to be used for developing the Company's businesses, further acquisitions in the food sector and for general working capital purposes.

Of the 23,432,000 shares issued, 22,212,000 were issued to investors who took up the shortfall in the Company's share purchase plan offer (due to eligible shareholders not applying for their full entitlement of shares under the offer) or under a placement of shares in the Company. The issues of shares under the share purchase plan, shortfall offer and placement offer were approved by shareholders at the general meeting held on 19 November 2015 for the purpose of rule 7.1 of the ASX Listing Rules.

The remaining 1,220,000 shares were issued to a number of sophisticated investors identified or selected by or on behalf of the Company under additional placements, which were conducted due to the level of interest shown by investors in the other offers. The issues of shares under the additional placements were not previously approved by shareholders.

6.2 Rule 7.4 of the ASX Listing Rules

Rule 7.1 of the ASX Listing Rules restricts the number of shares and other equity securities the Company may issue without shareholder approval in a 12 month period to a maximum of 15% of the Company's issued fully paid ordinary shares, subject to a number of exceptions. The 15% limit is calculated on the total number of fully paid ordinary shares on issue excluding shares issued or agreed to be issued in the previous 12 months that are not issued under an exception in rule 7.2 or with shareholder approval under rule 7.1 or 7.4.

Rule 7.4 of the ASX Listing Rules provides that an issue of securities made without shareholder approval under rule 7.1, such as the issues of shares under the additional placement offers, is treated as having been made with approval for the purpose of rule 7.1 if the issue of shares did not breach rule 7.1 and shareholders subsequently approve it.

The shares issued under the additional placements did not breach rule 7.1 as the shares did not represent more than 15% of the Company's fully paid ordinary shares on issue at the time of the placements (and all shares and other equity securities issued in the previous 12 months had been issued under an exception in rule 7.2 or with shareholder approval under rule 7.1 or 7.4).

If resolution 9 is passed, the approval of shareholders to the issue of shares pursuant to the additional placements will be obtained for the purpose of rule 7.4. The Company will then have the flexibility to issue additional equity securities without shareholder approval in the next 12 months up to 15% of the total number of fully paid ordinary shares in the Company on issue, including those issued under the additional placement offers.

6.3 Directors' recommendation

The directors recommend that shareholders vote in favour of resolution 9.

Schedule Independent accountant report



30 March 2016

The Directors
TasFoods Limited
52 – 54 Tamar Street
LAUNCESTON TAS 7250

Dear Directors,

TASFOODS LIMITED INDEPENDENT ACCOUNTANT REPORT ON PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

1. Introduction

You have requested PKF Corporate Finance (NSW) Pty Limited ("**PKFCF**") to provide this Independent Accountant Report ("**IAR**") for inclusion in a Notice of Meeting to be dated on or about 30 March 2016 ("**NOM**") relating to:

- the acquisition of 100% of the issued shares of Nichols Poultry Pty Ltd ("**Nichols Poultry**") and related land, water entitlements and wind turbine for a total consideration of approximately \$12.55 million, subject to any completion adjustments (the "**Acquisition**"). We understand that the Acquisition will be funded partly through the issue of shares in the Company up to the amount of \$2 million, at an issue price of the lower of \$0.30 or the issue price under the capital raising, with the remainder to be funded with cash; and
- the issue of up to 110 million shares at an issue price of at least \$0.275 per share, to raise up to \$30.25 million before costs (the "**Offer**"). Proceeds from the Offer will be used to fund the Acquisition and other purposes.

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

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

2. Scope

You have requested PKFCF to perform a limited assurance engagement in relation to the pro forma historical statement of financial position disclosed in the NOM ("**Pro Forma Historical Statement of Financial Position**").

Our scope is specifically limited to perform review procedures on the following:

- the consistency of the Reviewed Statement of Financial Position (refer to **Paragraph 2.1** below) used in the preparation of the Pro Forma Historical Statement of Financial Position;
- Pro Forma Adjustments;
- the accounting policies adopted in the preparation of the Pro Forma Historical Statement of Financial Position; and
- arithmetic accuracy of the Pro Forma Historical Statement of Financial Position.

The above are herein collectively referred to as "**Review Financial Information**".

We have not been engaged to provide a limited assurance conclusion on the Pro Forma Historical Statement of Financial Position in its entirety.

2.1. Pro Forma Historical Statement of Financial Position

The Pro Forma Historical Statement of Financial Position is derived from the historical financial information of the Company comprising of the following:

PKF Corporate Finance (NSW) Pty Limited
ABN 65 097 893 957
AFSL 295 872

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PKF International Limited is not responsible for the acts or omissions of individual member firms of the network.
www.pkf.com.au



- the actual reviewed consolidated statement of financial position of TasFoods as at 31 December 2015 ("**Reviewed Statement of Financial Position**"); and
- pro forma adjustments resulting from material transactions which have occurred, or are expected to occur subsequent to 31 December 2015 ("**Pro Forma Adjustments**") including;
 - pro forma adjustments reflecting the impact of the Acquisition and the Offer; and
 - the issue of up to 14.36 million shares to Directors and related parties of TasFoods as set out in Resolutions 3, 4, 5, 6, 7 and 8.

as contained in Section 3.10 of the NOM.

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

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

3. Directors' responsibility

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

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

4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Review Financial Information.

Our review is based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. A review of this nature provides less assurance than an audit. We have not performed an audit and accordingly we do not express an audit opinion.

4.1. Pro Forma Historical Financial Information

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

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



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

Our review did not extend to the following:

- review of audit/review files relating to the Reviewed Statement of Financial Position; and
- review or audit of the unaudited underlying accounting records of Nichols Poultry and other related financial information relating to the Acquisition.

5. Conclusion

Based on our procedures, which is not an audit, we conclude the following:

- the Reviewed Statement of Financial Position as presented in Section 3.10 of the NOM is consistent with the Pro Forma Statement of Financial Position;
- the Pro Forma Adjustments are consistent with documentation provided to us in relation to the Acquisition, the Offer and other transactions as described in the NOM;
- the accounting policies adopted in the preparation of the Pro Forma Historical Statement of Financial Position have been consistently and fairly applied; and
- the Pro Forma Statement of Financial Position is arithmetically accurate.

As we have not performed any review procedures on the unaudited statement of financial position of Nichols Poultry or financial information relating to the Acquisition, we are unable to express an opinion on the overall Pro Forma Historical Statement of Financial Position.

Noting the limitations described above, nothing has come to our attention that causes us to believe that the Pro Forma Historical Statement of Financial Position, as set out in Section 3.10 of the NOM, is not prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and the Company's accounting policies.

6. Subsequent Events

Apart from the matters dealt with in this IAR and elsewhere in the NOM, and having regard to the scope of our engagement, nothing has come to our attention that would cause us to believe that matters arising after 31 December 2015, other than matters dealt with in this IAR, would require comment on, or adjustments to, the Pro Forma Historical Statement of Financial Position in Section 3.10 of the NOM, or would cause that information to be misleading or deceptive.

7. Restriction on use

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

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

8. Disclosure of Interest

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



than in connection with the preparation of this IAR, for which normal professional fees will be received.

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

9. Consent

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

Yours faithfully

PKF Corporate Finance (NSW) Pty Limited

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

Vince Fayad
Director

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TASFOODS LIMITED

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

Form of Proxy

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of TasFoods Limited hereby appoint

the Chairman
of the Meeting

OR

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

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

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

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

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

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

STEP 2 Items of Business

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

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

	FOR	AGAINST	ABSTAIN
Resolution 1 (approval of acquisition of Nichols Poultry and significant change to activities)	☐	☐	☐
Resolution 2 (issue of shares in connection with acquisition)	☐	☐	☐
Resolution 3 (issue of shares to Rob Woolley)	☐	☐	☐
Resolution 4 (issue of shares to Hugh Robertson)	☐	☐	☐
Resolution 5 (issue of shares to Roger McBain)	☐	☐	☐
Resolution 6 (issue of shares to Tony Robinson)	☐	☐	☐
Resolution 7 (issue of shares to Jane Bennett)	☐	☐	☐
Resolution 8 (issue of shares to Tom Woolley)	☐	☐	☐
Resolution 9 (issues of shares under placements)	☐	☐	☐

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

SIGN Signing by member

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

Individual or Member 1

Sole Director and Sole Secretary

Member 2 (if joint holding)

Director/Company Secretary

Member 3 (if joint holding)

Director

/ /

Date

TASFOODS LIMITED

ACN 084 800 902

Lodge your vote:



By Mail:

Advanced Share Registry Limited
PO Box 1156
Nedlands WA 6909

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

For Online Vote
www.advancedshare.com.au

For all enquiries call:

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

Proxy Form

Instructions

1. Every shareholder has the right to appoint some other person or company of their choice, who need not be a shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person or company other than the Chairman, please insert the name of your proxyholder(s) in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name that appears on the proxy.
4. If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
5. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
6. To be effective, proxies must be delivered by shareholders as follows:
Shareholders must deliver their proxies by 10:00 am (Launceston time) on 30 April 2016 by mail to PO Box 1156, Nedlands, 6909, Western Australia or by facsimile at +61 (0) 8 9262 3723 or deliver to the Share Registry of the Company at 110 Stirling Hwy, Nedlands, Western Australia, 6009 or by hand delivery, post or facsimile to the registered office of the Company (see Notice of Meeting for address and facsimile details).
7. For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that shareholders holding shares at 7:00 pm (Launceston time) on 30 April 2016 will be entitled to attend and vote at the Meeting.
8. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting.
9. This proxy should be read in conjunction with the accompanying documentation provided by the Company.
10. The shares represented by this proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any poll that may be called for, and if the shareholder has specified a choice in respect of any matter to be acted upon, the shares will be voted accordingly.

Turn over to complete the form →



CHECK OUT OUR WEBSITE at
www.advancedshare.com.au

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