National Veterinary Care

Excellence in Vet Care

Replacement Prospectus

For the offer of 30.0 million Shares at an Offer Price of $1.00 per Share to raise $30.0 million.

The Offer is underwritten by Shaw and Partners Corporate Finance Pty Limited and Wilson HTM Corporate Finance Ltd.

This is an important document that should be read in its entirety. If you do not understand any component of the Replacement Prospectus, you should consult your professional advisors.

This is a Replacement Prospectus dated 23 July 2015 which replaces in its entirety the prospectus dated 9 July 2015 in relation to the Offer.

Wilson HTM INVESTMENT GROUP

ShawandPartners

Important Notice

Some terms used in this Prospectus are defined in the Glossary.

This Prospectus is dated 23 July 2015. This is a replacement prospectus which replaces the Prospectus dated 9 July 2015 and lodged with ASIC on that date (Original Prospectus). For the purposes of this document, this Replacement Prospectus will be referred to as either 'this Replacement Prospectus' or 'this Prospectus'. This Replacement Prospectus has been issued to, amongst other matters:

- Clarify the basis for certain historical information and financial forecasts, and update the pro forma balance sheet information in Section 4;
- Provide further information relating to the Finance Facilities in Section 4;
- Expand the description of risks in Section 5; and
- Clarify the arrangements with controlled entities in Section 9.3.

The Company will apply to the Official List of ASX and for the quotation of its Shares on ASX within seven days of this the original Prospectus. Neither ASIC or ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares will be allotted or transferred on the basis of this Prospectus after the expiry date. This Prospectus expires at 5.00pm AEDT 13 months after the date of this Prospectus.

The Offer is available to Australian residents in each State and Territory of Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Prospective investors should seek advice on and observe any restrictions. This Prospectus is not an Offer in any place where, or to any person to whom, it would not be lawful to make the Offer.

This document may not be distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy securities in the United States. Any securities described in this document have not been and will not be, registered under the US Securities Act 1993 and may not be offered or sold in the United States except in transactions exempt from or not subject to, registration under the US Securities Act 1993 and applicable US state securities law.

No person is authorised to give any information or make representations about the Offer which is not contained in this Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by the Company, or any other person, in connection with the Offer.

This Prospectus provides information for investors to decide if they wish to invest in National Veterinary Care Ltd. Investors should read this document in its entirety, examine the risk factors that could affect the financial performance of National Veterinary Care Ltd, consider these factors carefully in light of your personal financial circumstances, and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Offer does not take into account the investment objectives, financial situation or needs of particular investors.

This Prospectus is available electronically at www.nvcltd.com.au. The Application Form attached to the electronic version of this Prospectus must be used within Australia. Electronic versions of this Prospectus should be downloaded and read in their entirety.

Applications for Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form downloaded in its entirety from www.nvcltd.com.au.

Under the Corporations Act, National Veterinary Care Ltd must not process Application Forms during the seven day period after the date of lodgment of the Prospectus with ASIC. This period may be extended by ASIC for a further seven days. This exposure period enables the Prospectus to be examined by market participants. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be given to Application Forms received during the exposure period.

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated. Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of the NVC group unless otherwise stated.

Contents

Key Offer Information

Important Dates

Prospectus lodgement date	23 July 2015
Offer opens	24 July 2015
Offer closes	3 August 2015
DVP Settlement	4 August 2015
Anticipated date of allotment	5 August 2015
Completion of first tranche of Clinics within the Initial Portfolio	5 August 2015
Shareholding statements anticipated to be dispatched	6 August 2015
Anticipated commencement of ASX trading	11 August 2015

All dates and times are subject to change and are indicative only. All times are AEDT. National Veterinary Care Ltd, with the consent of the Underwriters, reserves the right to vary these dates and times without prior notice. It may close the Offer early, withdraw the Offer, or accept late Applications. Applicants are encouraged to submit their Application Forms as soon as possible. The admission of the Company to the Official List of ASX and the commencement of quotation of the Shares are subject to confirmation from ASX.

Key Offer Statistics

Offer Price per Share	$1.00
Number of Shares to be issued under this Prospectus	30.0 million
Total number of Shares on issue following the Offer	50.7 million
Amount to be raised under the Offer[1]	$30.0 million
Implied market capitalisation at the Offer Price[2]	$50.7 million
Implied Enterprise Value[3]	$69.9 million
Enterprise Value/pro forma FY16 EBITDA after non-controlling interests[4,5]	8.2x
Enterprise Value/pro forma FY16 EBIT after non-controlling interests[4,5]	8.8x
Offer Price/pro forma FY16 forecast NPAT per Share[5,6]	10.9x

1. Calculated as the number of Shares issued under the Offer multiplied by the Offer Price.
2. Calculated as the total number of Shares on issue on completion of the Offer multiplied by the Offer Price. Shares may not trade at the Offer Price post Listing.
3. Calculated as the market capitalisation of the Company, based on the Offer Price, plus the pro-forma net debt of $18.1 million, plus the deferred cash consideration of $1.3 million. Refer to Section 4 for more information.
4. EBITDA refers to earnings before interest, tax, depreciation and amortisation. EBIT refers to earnings before interest and tax. EBITDA and EBIT after non-controlling interests refers to EBITDA and EBIT of the Company adjusted to remove the proportion of EBITDA and EBIT of a subsidiary where NVC does not own 100% of a particular subsidiary. Refer to Section 4 for more information.
5. The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and is subject to the risk factors set out in Section 5. There is no guarantee that forecasts will be achieved and variances may be material. Pro Forma Financial Information has been presented for the reasons set out in Section 4.4.
6. This ratio is commonly referred to as the forward price to earnings ratio, or forward PE ratio. A price to earnings ratio is the share price divided by the annual earnings per share after tax.

Letter from the Chair

Dear Investor

On behalf of the Board of Directors, I am delighted to present you with the opportunity to become a shareholder of National Veterinary Care Ltd (NVC).

Our Board and Management are bringing together 35 veterinary clinics including 32 general practice veterinary clinics and three associated veterinary service businesses. The fragmented nature of the Australian veterinary services industry offers significant growth opportunities through targeted consolidations and the introduction of back office efficiencies that will lead to greater patient care. Our focus will be on our people providing high quality care to pets and building long-term, loyal relationships with their owners.

After Listing, NVC will be the second largest provider of professional veterinary services in Australia and will be well positioned to take advantage of further growth in this industry.

An offer of approximately 30.0 million Shares is being made under this Prospectus, comprising approximately 59.1% of the Shares in the Company following completion of the Offer.

The Offer will raise $30.0 million. The majority of these funds will be used to acquire the Initial Portfolio of businesses. The Offer is fully underwritten by Shaw and Partners Corporate Finance Pty Limited and Wilson HTM Corporate Finance Ltd.

We believe that raising funds via this initial public offering will enable the Company to actively participate in opportunities arising from the consolidation of the fragmented veterinary services industry. Consolidation is being driven by factors including:

- deregulation of practice ownership enabling non-veterinarians to invest in the industry,
- a desire for veterinarians to focus on their vocation rather than the onerous paperwork required when operating a small business, and
- changing demographics in the veterinarian profession and the desire for more flexible employment arrangements.

It is intended that all businesses within the Initial Portfolio will be acquired and integrated following completion of the Company's Listing.

After Listing, the Company intends to expand, via a combination of acquisition of veterinary practices which meet its acquisition criteria, and through organic growth.

Collectively the Board and Management have considerable knowledge and experience in veterinary services, health and sector aggregations, as well as fresh ideas about the future of the veterinary profession. In particular, they have the energy, experience and capability to successfully integrate the Initial Portfolio of Clinics, and to implement the necessary systems to improve the performance of these businesses.

We are confident that we have established a robust corporate governance framework, proactive risk management processes and specialist human resource expertise to support the Company's growth in its early years.

These elements will contribute to NVC becoming a significant presence in the Australian veterinary services industry.

Of course, no investment is without risk. So, in addition to information about this Offer, the industry in which NVC operates and forecast financial performance, this Prospectus includes a detailed description of the key risks associated with an investment in the Company. This can be found at Section 5.

Please read this document carefully in its entirety before making your investment decision. Where appropriate, you should seek advice from your accountant, investment or legal adviser in relation to any matters that are not clear to you.

On behalf of my fellow Directors, I commend NVC to you and encourage you to consider this Offer.

Yours faithfully

Susan Forrester
Chair

1

Focus on developing our people

Targeting excellence in clinical standards by providing employees with the necessary professional development and training. NVC expects that this focus will provide employees with enhanced career progression, assist with retention and job satisfaction.

2

Experienced Board and Management

Board and Management bring significant operational experience in the veterinary services industry specifically, and in aggregation, consolidation and integration generally.

nvc

Delivering excellent veterinary care and exceptional client experiences.

3

Foundation for growth

Bringing together 32 general practice veterinary clinics and three associated veterinary services businesses, this diversified portfolio provides a foundation for future growth.

1 Investment Overview

1.1 Introduction

Question	Answer
What is NVC?	NVC is a provider of veterinary services in the Australian market. NVC has entered into contracts to acquire the Initial Portfolio comprising 35 Clinics. The Initial Portfolio is located in Victoria, Queensland, New South Wales, Tasmania and South Australia. For more information, refer to Section 2
Why is the Offer being conducted?	The purpose of the Offer is to: • Provide funding for the acquisition of the Initial Portfolio and working capital; and • Enhance the financial flexibility of the Company to pursue growth opportunities through improved access to capital markets. For more information, refer to Section 2
Which Clinics will be acquired by NVC?	The 35 Clinics within the Initial Portfolio are based in the following locations: • Victoria – 13 Clinics; • Queensland – 11 Clinics; • New South Wales – 4 Clinics; • Tasmania – 4 Clinics; and • South Australia – 3 Clinics. For more information, refer to Section 2
Will the Clinics be fully owned?	NVC has entered into agreements to acquire full ownership of 30 Clinics and a majority interest in five Clinics. In these five Clinics, NVC's majority interest ranges from 51% to 74%. For more information, refer to Sections 2 and 9.3.
What are the characteristics of the Initial Portfolio?	The Initial Portfolio of 35 Clinics comprises 32 general practice veterinary clinics, and three business-to-business operations including two emergency centres and a pet crematorium. The Initial Portfolio has the following characteristics: • Average revenue per Clinic of $1.5 million; • Profitable operating history; • Focus on companion animals; • Likelihood of the Clinics achieving or exceeding appropriate clinical standards; and • Approximately half of the Clinics currently operate in geographical clusters. For more information, refer to Section 2
What consideration will be paid for the Initial Portfolio?	The Initial Portfolio of Clinics will be acquired at a weighted average multiple of 5.1 times FY16 EBIT. The vendors of the Initial Portfolio will receive a cash payment, or a combination of cash and Shares in NVC in consideration for the sale of their business. The total consideration for the Initial Portfolio is $56.8 million comprising cash of $45.8 million and Shares of $11.0 million at the Offer Price. Acquisition consideration for the Clinics comprises Consideration on Completion and in most cases a component of Deferred Consideration. For more information, refer to Sections 2, 4 and 9
What impact will the acquisitions have on NVC?	The Initial Portfolio will provide NVC with a diversified portfolio of 35 Clinics, and a foundation for future growth. Following Completion of the acquisitions and the Listing, NVC will become one of only two veterinary service providers listed on the ASX. NVC will have a primary focus on the provision of veterinary services. For more information, refer to Section 2

1.2 NVC's business model

Question	Answer
What is NVC's business model?	NVC's business model is to identify, acquire, integrate and manage veterinary clinics in Australia and New Zealand. Through efficiently managing a portfolio of Clinics, NVC expects to generate operational improvements and deliver benefits for all stakeholders. For more information, refer to Section 2
What are the key operational drivers of NVC?	NVC will primarily receive revenue through: • The provision of veterinary services at its Clinics; • The provision of related services, such as grooming, behavioural training, boarding and cremation services; and • The sale of goods including food, pharmaceuticals and merchandise. Key drivers of revenue include: • Number of Clinics in the portfolio; • Clinic utilisation; • Fees charged for veterinary services; • Referrals to emergency and cremation services from NVC and non-NVC veterinarians; and • Demand for other products such as food, pharmaceuticals and merchandise. Key expenses as a percentage of FY16 pro forma forecast operating costs include: • Employee costs – 52.9%; • Direct expenses of providing services (food, pharmaceuticals and merchandise) – 30.6%; and • Occupancy costs – 8.8%. Together these costs comprise 92.3% of total forecast operating expenses for FY16. Efficient management of employee expenses though optimising rosters to match client demand is a key factor in determining profitability. Direct expenses of providing services are influenced by the mix of services provided and products sold. Occupancy expenses are typically fixed, subject to periodic increases under lease agreements. For more information, refer to Sections 2 and 4
How will the Clinics be integrated following acquisition?	Integration of the Initial Portfolio is a key strategic priority for NVC following Listing. NVC will utilise the skills and experience of its senior management team to implement: • The expansion of the Wellness Program aimed at delivering preventative pet care and enhancing client loyalty; • Centralised administrative functions including finance, human resources, information technology and marketing; • NVC's practice management system to facilitate reporting of key performance indicators; • Centralised procurement policies to drive purchasing efficiencies; and • Training and professional development programs to improve clinical standards and client service. Clinics will retain their current branding to minimise disruption to their operations and ensure they retain their local identity within the community. For more information, refer to Section 2
How will Clinics be managed on an ongoing basis?	At the NVC support office, Management will be responsible for the delivery of strategic direction, shared services and support for the Clinics. Regional managers will support and manage Clinics in a prescribed geographic area, act as a conduit between the Clinics and the support office and provide assistance to individual Clinic teams. At the individual Clinic level, a practice manager and lead veterinarian will focus on the delivery of professional services and wellbeing of the Clinic team. For more information, refer to Section 2

Question	Answer
What is NVC's growth strategy?	The key growth strategies for NVC are expanding the portfolio of Clinics though acquisition, and driving organic growth at a Clinic level. NVC will assess future acquisition opportunities against its disciplined acquisition criteria. Organic revenue growth will be driven through the introduction of key initiatives, including: • Expansion of the Wellness Program; • Ensuring consistent standards of veterinary care; • Targeted local marketing strategies; • Professional development and training for employees; and • Providing broader services such as more complex procedures to retain work that otherwise may be referred outside of the NVC group. For more information, refer to Section 2
What are the benefits of NVC's business model to veterinarians?	The Directors of NVC believe that its business model will provide veterinarians and their employees with benefits, including: • Reduction of the administrative burden of running a small business with a centralised practice model; • Retention of a Clinic's brand identity in the local community that has been built over time; • Flexible work arrangements within a centralised practice model; • Provision of professional development and training programs to increase skill levels; and • Access to a professional support network within the NVC group. For more information, refer to Section 2
What are the benefits of NVC's business model to its clients?	By centralising management and operational services, NVC allows professional staff to focus primarily on delivering services to their clients and patients. NVC will focus on the training of its employees, enabling them to target excellence in veterinary care. The Directors of NVC believe clients and patients of NVC will benefit from this commitment to training and service delivery. A key initiative will be the expansion of the Wellness Program, providing a range of benefits to clients including a focus on preventative care, with the objective of improving patient health and longevity. For more information, refer to Section 2
How will the business be funded?	NVC plans to fund operations through a combination of: • Internally generated cash-flow; and • Finance Facilities with ANZ comprising a $27 million Term Loan Facility and a Working Capital Facility of $2.75 million. NVC may, in the future, access capital markets through additional equity or debt raisings to support its acquisition program. For more information, refer to Section 2 and 4

1.3 Key strengths and risks

Item	Summary
Key Strengths	
Opportunity to invest in a portfolio of established veterinary clinics	NVC has identified and contracted to acquire the Initial Portfolio based on disciplined acquisition criteria. Approximately half of the Initial Portfolio is located in geographic clusters enabling efficient regional management of Clinics within these clusters. NVC intends to target acquisitions that will complement existing clusters and create scale around other geographic regions. For more information, refer to Section 2
Opportunity for growth by acquisition due to industry fragmentation	The Australian veterinary sector remains highly fragmented. There are estimated to be approximately 2,500 veterinary practices in Australia. Greencross Limited is the largest operator owning approximately 130 Clinics. The second largest operator owns less than 25 Clinics. The Directors believe there is an opportunity for further industry consolidation due to factors including: • Deregulation of clinic ownership; • A desire for a reduced administration burden, allowing focus on delivery of clinical services; and • Changing demographics of the veterinarian population. NVC intends to continue acquiring established veterinary clinics based on its disciplined acquisition criteria. For more information, refer to Section 2
Operating an integrated group providing scale efficiencies	Following the Completion of the acquisitions, NVC will focus on integration, providing centralised support for the portfolio of Clinics. NVC believes that potential synergies will arise from a number of initiatives to be implemented across the group, including establishment of real time key performance indicators; procurement benefits from key suppliers; targeted marketing campaigns; expansion of the Wellness Program; and implementation of professional development and training for staff. For more information, refer to Section 2
High cash-flow conversion	NVC is forecast to achieve pro forma revenue and pro forma EBITDA of $53.2 million and $9.6 million respectively in FY16. NVC is forecast to have high pro forma operating cash-flow conversion (before financing costs and tax) of 98.1% relative to pro forma EBITDA. For more information, refer to Section 4
Experienced Board and management team	NVC's Board and Management bring significant operational experience in the veterinary services industry specifically, and in aggregatation, consolidation and integration generally. Management is led by Managing Director and CEO Tomas Steenackers, who has extensive prior experience in the healthcare sector. He was previously General Manager Specialty, Emergency & Pathology with Greencross Ltd. Tomas is supported by Katherine Baker in the role of Chief Financial Officer and Company Secretary. Katherine is an experienced Chartered Accountant, and previously spent five years as Financial Controller at Greencross Ltd. Robert Skoda (Queensland and NSW Operations Manager) and Darryl Cox (Victoria, South Australia and Tasmania Operations Manager) have a combined experience in operations spanning more than 30 years. In clinical matters, Dr Charles Foster will act as Chairman of the Veterinary Advisory Committee, supported by Dr Stephen Coles. Charles is a experienced veterinarian, who founded Animal Hospitals Australia, one of the leading independent veterinary groups in Australia, and will become a substantial shareholder in NVC. The Board is led by Susan Forrester as Chair. Susan is an experienced Company Director, with expertise in aggregations in a variety of industries. Susan is currently a Director of G8 Education Ltd, Uniting Care Queensland, Healthdirect Australia Limited and is the Chair of Oncore Group Holdings and Propell National Valuers. The Board also includes Wesley Coote (the former CFO of Greencross Ltd) and Dr Stephen Coles (an experienced veterinarian and founding executive director of Greencross Ltd), who both have direct experience in aggregating and integrating veterinary clinics, and understand the organisational and personnel issues involved. For more information, refer to Section 6

Item	Summary
Key Risks	
Completion of the Initial Portfolio	If any of the Clinics within the Initial Portfolio do not Complete, the composition of the Initial Portfolio will change. It is anticipated that the Initial Portfolio will complete between 1 August 2015 and 1 September 2015. However, there is no guarantee that this will occur. Quotation of the Shares on the ASX will be conditional upon NVC Completing the acquisition of at least half of the Initial Portfolio by value after the close of the Offer and prior to Listing. For more information, refer to Section 5
Integration risk	It is critical that NVC successfully integrate the Initial Portfolio in order to achieve its FY16 forecast. There is a risk that the process of integration may take longer or be more expensive than anticipated. For more information, refer to Section 5
Veterinary services expenditure	Any deterioration in economic conditions, or reduction in pet ownership in Australia may negatively impact NVC's future financial performance. For more information, refer to Section 5
Key personnel	The successful execution of NVC's business model depends on a management team with the necessary talent and experience to integrate and manage veterinary clinics. The loss of key personnel could cause material disruption to the performance of NVC in the short to medium term. For more information, refer to Section 5
Retention of lead veterinarians	The retention of the lead veterinarians within the Initial Portfolio is important to the ongoing operation of those Clinics. If these lead veterinarians were to leave, there is a risk that some clients served by those veterinarians would no longer visit those Clinics, which would have an adverse impact on the revenue of those Clinics, and ultimately NVC. For more information, refer to Section 5
Human resources	Personnel issues may arise at a Clinic level. If these issues are not effectively managed, then the business and profitability of these Clinics will be adversely affected. For more information, refer to Section 5
Future acquisitions	NVC may not be successful in identifying, evaluating and finalising future acquisitions on acceptable terms. There is a risk that increased competition for acquisitions could increase price expectations, lower returns on capital and affect NVC's ability to attain its acquisition targets. For more information, refer to Section 5
Industry competition	Competitive threats such as reduction of competitor pricing for services, entry of new clinics in close proximity to NVC Clinics, or increased competition for veterinarians could have a material adverse impact on NVC's operational and financial performance. For more information, refer to Section 5
Due diligence	There is a risk that due diligence associated with the acquisition of the Initial Portfolio has not identified all issues that would have been material to the decision to acquire them. Further, there is a risk that information provided by vendors of Clinics that comprise the Initial Portfolio may not be reliable. For more information, refer to Section 5
Forecast Financial Information	The Forecast Financial Information represents NVC's best estimate of anticipated financial results based on the information available at the date of issue of this Prospectus. However, investors should appreciate that forecasts by their very nature are subject to uncertainties which may be outside of NVC's control or may not be capable of being foreseen or accurately predicted. As such, actual results may differ from the Forecast Financial Information and such differences may be material. For more information, refer to Section 5
Impairment of intangible assets	As a result of the Completion of the Initial Portfolio, NVC will recognise a significant value of intangible assets on its balance sheet principally relating to goodwill. If impaired, NVC would need to write down the value of the intangible assets, which could have a material adverse impact on NVC's earnings and financial position. For more information, refer to Section 5

Item	Summary
Availability of funding	NVC's acquisition strategy is intended to be financed by a combination of debt and equity funding. NVC's ability to pursue its growth strategy beyond the Initial Portfolio may be constrained by limited access to further debt and equity funding. In addition, the Finance Facilities outlined in this Prospectus are reflected in credit approved term sheets, rather than being agreed to by the Company and fully documented. Any failure to reach final agreement in respect of definitive documentation, or the entry into alternative terms less favourable to the Company, could have a material adverse impact on the Company. For more information, refer to Section 5
Limited operating history	The Company was incorporated on 9 October 2013, and therefore does not have a financial and operating history as a group. There is a risk that NVC will not achieve its operational objectives or financial forecasts. For more information, refer to Section 5

1.4 Key financial information

Item	Summary
Key Offer statistics	

Offer Price	$1.00
Number of Shares to be issued under this Prospectus	30.0 million
Amount to be raised under the Offer	$30.0 million
Total number of Shares on issue following the Offer	50.7 million
Implied market capitalisation at the Offer Price	$50.7 million
Implied Enterprise Value	$69.9 million
Enterprise Value/pro forma FY16 forecast EBITDA after non-controlling interests	8.2x
Enterprise Value/pro forma FY16 forecast EBIT after non-controlling interests	8.8x
Offer Price/pro forma FY16 forecast NPAT per Share	10.9x

For more information, refer to Section 4

Key financial metrics

	Pro forma forecast FY16 $'000
Total revenue	53,174
Employment expenses	23,043
As a % of revenue	43.3%
Direct expenses of providing services	13,313
As a % of revenue	25.0%
Occupancy expenses	3,850
As a % of revenue	7.2%
Other expenses	3,356
As a % of revenue	6.3%
EBITDA	9,613
EBITDA after non-controlling interests	8,486
EBIT	9,037
EBIT after non-controlling interests	7,942
NPAT attributable to NVC Shareholders	4,668

For more information, refer to Section 4

Item	Summary
Dividend policy	Payment of dividends by the Company will depend upon the availability of distributable earnings, the Company's franking credit position, operating results, available cash flows, financial condition taxation position, future capital requirements, general business and financial conditions, and other factors the Directors consider relevant. The Company and the Board give no assurance about the payment of dividends, the extent of payout ratios or the future level of franking credits. The Board is targeting a dividend payout ratio of up to 50% of NPAT, however, the dividend payout ratio may vary between periods, and may not be paid at all. No dividend has been forecast for the half year to December 2015 or full year to June 2016. For more information, refer to Section 4

1.5 Board and management

Item	Summary
Directors	Susan Forrester (Non-Executive Chair) Tomas Steenackers (Managing Director and CEO) Wesley Coote (Non-Executive Director) Dr Stephen Coles (Non-Executive Director) For more information, refer to Section 6
Management team	Tomas Steenackers (Managing Director and CEO) Katherine Baker (Chief Financial Officer and Company Secretary) Robert Skoda (Operations Manager, Queensland and New South Wales) Darryl Cox (Operations Manager, Victoria, South Australia and Tasmania) For more information, refer to Section 6
Significant interests and key benefits	The table below sets out the significant interests held by, and significant benefits payable to the Directors and other persons connected with NVC or the Offer.

Directors and Management	Shares held prior to the Offer	Shares held on Listing	Shares held on Listing (%)
Susan Forrester	500,000	600,000	1.18
Tomas Steenackers	1,000,000	1,000,000	1.97
Wesley Coote	700,000	700,000	1.38
Stephen Coles	250,000	760,000	1.50
Katherine Baker	25,000	25,000	0.05
Robert Skoda	25,000	30,000	0.06
Darryl Cox	–	75,000	0.15
Total	**2,500,000**	**3,190,000**	**6.29**

For more information, refer to Sections 9 and 10

Item	Summary
Related party transactions	Prior to Listing, Stephen Coles agreed to provide seed funding under a Convertible Note Agreement, the terms of which are summarised in Section 9.5. For more information, refer to Section 10.4

1.6 Use of funds

Item	Summary
Proposed utilisation of funds	The Company intends to use the proceeds from the Offer as follows:

Source and application of funds	**$'000**
Source of funds	
Issue of Shares under the Offer	29,985
Net debt drawn	18,093
Total Sources	**48,078**
Application of funds	
Cash consideration on Completion of Initial Portfolio	44,499
Stamp duty and acquisition costs	2,229
IPO Related Costs	1,350
Total application of funds	**48,078**

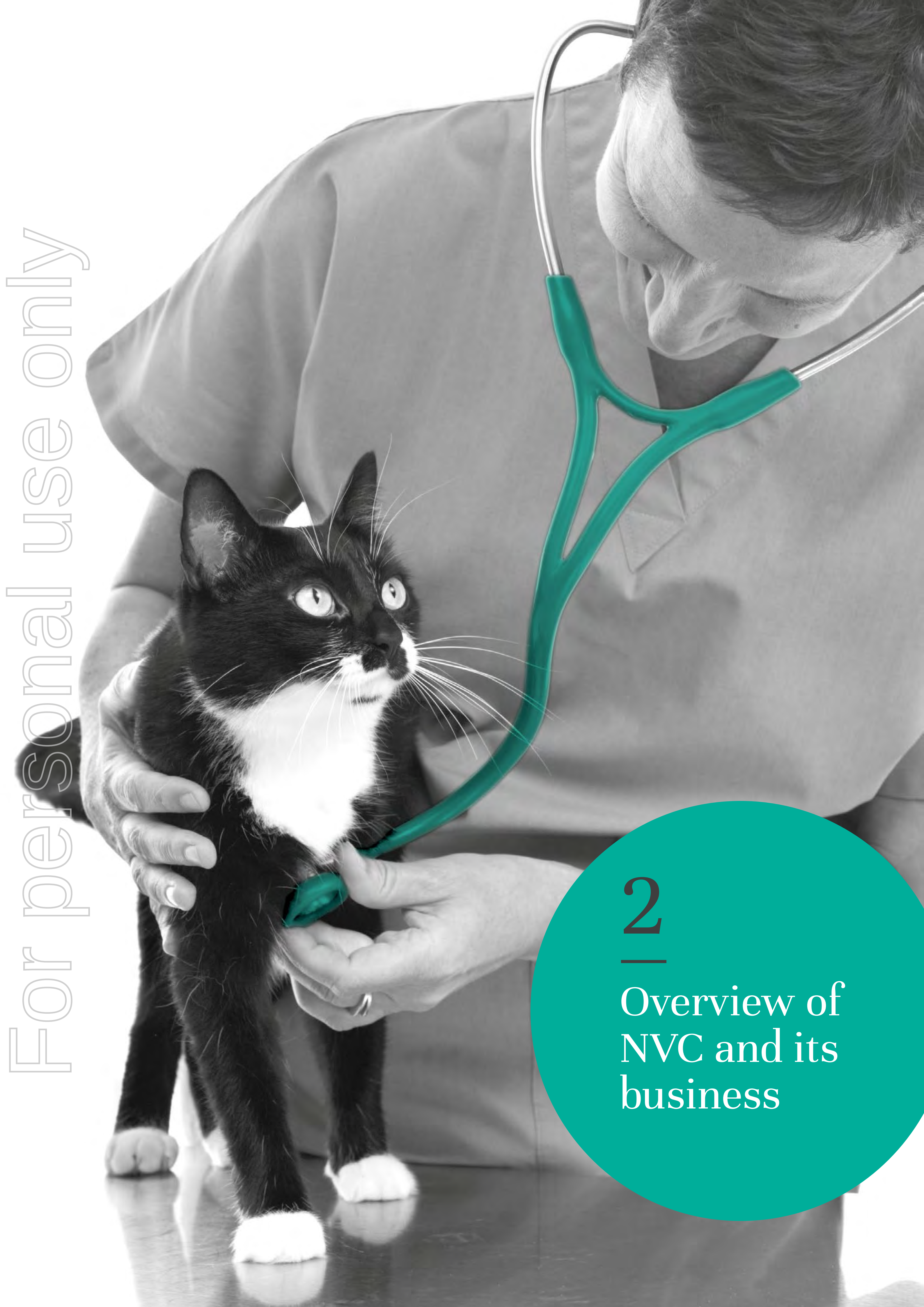
The immediate working capital requirements of NVC will be funded by the Finance Facilities.

For more information, refer to Section 4

1.7 Key terms and conditions of Offer

Question	Answer
Who is the issuer of the Prospectus?	National Veterinary Care Ltd is the issuer of this Prospectus. For more information, refer to Section 2
What is the Offer?	The Offer is an initial public offer of 30.0 million Shares in National Veterinary Care Ltd at $1.00 per Share to raise a total of $30.0 million. For more information, refer to Section 7
What is the Offer Price of the Shares?	The Shares are being issued at $1.00 per Share. For more information, refer to Section 7
What rights and liabilities attach to the Shares?	The Shares issued under this Prospectus will rank equally in all respects with the Shares held by the existing Shareholders. The rights and liabilities attaching to all Shares are detailed in the Company's Constitution. For more information, refer to Section 9
Will the Shares be quoted?	An application for admission of the Shares to quotation on the ASX under code NVL will be made within seven days of the date of the Original Prospectus. Subject to ASX approval and the quotation of the Shares, Shareholders will be able to trade their Shares on ASX. Admission of the Company to the Official List of the ASX is conditional upon satisfaction of a number of requirements, including Completion of half of the Acquisition Agreements, by value, following close of the Offer, and prior to Listing. The balance of the Initial Portfolio will Complete following Listing. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn, and all Application Monies received will be refunded without interest as soon as practical in accordance with the requirements of the Corporations Act. For more information, refer to Section 7
Is the Offer underwritten?	The Offer is fully underwritten by the Joint Lead Managers. For more information, refer to Section 9

Question	Answer
How is the Offer structured?	The Offer comprises: • Broker Firm Offer, consisting of an invitation from one or both of the Joint Lead Managers to investors in Australia; and • Institutional Offer, which consists of an offer to Institutional Investors. For more information, refer to Section 7
How do I participate in the Offer?	If you are an eligible investor, you may apply for Shares by completing an Application Form (attached to or accompanying this Prospectus). To the extent permitted by law, an application under the Offer is irrevocable. For more information, refer to Section 7
How do I calculate the Application Monies payable if I wish to participate in the Offer?	The Application Monies are calculated by multiplying the number of Shares you wish to apply for by the Offer Price of $1.00 per Share. For more information, refer to Section 7
What is the minimum number of Shares for which I can apply?	Applications under the Offer must be for a minimum of 2,000 Shares. For more information, refer to Section 7
What are the tax implications of investing in NVC?	Investors may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend on your particular circumstances, particularly for non-resident shareholders. Applicants should obtain their own tax advice prior to deciding whether to invest. For more information, refer to Section 7
Is commission payable to financial advisers or brokers?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. For more information, refer to Section 7
Can the Offer be withdrawn?	NVC reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded by the Share Registry, Your Broker or NVC. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer. For more information, refer to Section 7



2

Overview of NVC and its business

2.1 Business Overview

NVC is building a national network of veterinary clinics and aims to be a leading provider of veterinary services in Australia and New Zealand. The Company strives to achieve excellence in clinical care for pets, and to build a platform for loyal, long-term relationships with their owners.

NVC has entered into contracts to acquire complete ownership of 30 Clinics and a majority interest in 5 Clinics. The Clinics, based in Victoria, Queensland, New South Wales, South Australia and Tasmania, provide the foundation for future growth.

The 35 Clinics that form the Initial Portfolio comprise 32 general practice clinics and three business-to-business operations servicing the broader veterinary community (two emergency centres and a pet crematorium) as shown in Table 2.1 below.

Table 2.1 **Description of the Initial Portfolio**

Clinic	General practices	Business-to-business
Description	General veterinary practices provide a comprehensive range of veterinary services and associated products including food, pharmaceuticals and merchandise. General practices also provide ancillary services such as pet grooming, behavioural training and boarding.	These operations provide services where the client is generally referred by NVC or non-NVC veterinarians. Emergency centres provide after hours and critical care to sick and injured pets. The crematorium provides pet cremation and veterinary waste collection.
Number of Clinics	32	3
Percentage of FY16 revenue	83.0%	17.0%

2.2 The NVC Model

NVC's business model is to identify, acquire, integrate and manage Clinics. NVC Directors believe that its business model will benefit clients, employees and shareholders. Key aspects of the model are listed below.

Wellness Program

NVC will build on and optimise wellness programs which are already established within key clinical groups in the Initial Portfolio. The Company will also introduce its Wellness Program across the group of general practices.

The Wellness Program is aimed at changing client advocacy from reactive to preventative treatment for patients. Under the Wellness Program, in return for an annual subscription, clients will receive discounted rates on consultations, procedures and other goods. Industry data demonstrates that the introduction of a wellness program increases client loyalty, resulting in improved and more predictable revenues to a veterinary practice.

Retention of local Clinic branding

Rather than NVC imposing a national brand upon each Clinic, the Clinic will retain its own established brand and local identity. Management believe this local branding strategy will allow Clinics to better maintain goodwill among clients and the local community.

The NVC brand will be applied to centralised functions such as management, training and procurement.

Centralised administration

NVC's support office will be responsible for providing centralised administrative support to Clinics. Centralised functions include finance, human resources, information technology and marketing. This will allow professional staff to focus primarily on delivering services to their clients.

NVC will also implement its fully integrated practice management system to facilitate reporting of key performance indicators. The practice management system will allow the identification of opportunities for professional development and support, with a goal of ensuring consistent standards of care.

Centralised procurement

The size of the Initial Portfolio will provide economies of scale, allowing NVC to source goods and equipment at more competitive rates than smaller operators would typically be able to achieve individually.

Members of the NVC management team have experience in supply chain management, including established relationships with major suppliers to the veterinary services industry in Australia.

Professional development

NVC is focused on developing its people.

NVC targets excellence in clinical standards by providing employees with the necessary professional development, training and equipment to achieve these standards.

A Veterinary Advisory Committee, chaired by Dr Charles Foster and supported by Dr Stephen Coles, will oversee professional development and training programs. The Veterinary Advisory Committee will develop the training curriculum, and an in-house training facility will be established to deliver the programs. The in-house facility will include fully functional consultation rooms, surgical theatre, diagnostic equipment and merchandise displays.

NVC expects that this focus will provide employees with enhanced career progression, assist with retention and job satisfaction, and enable NVC to improve employee induction processes. Patients and clients are anticipated to benefit from an expanded service offering and a consistent high quality level of service.

Resource management

NVC aims to manage human resources efficiently.

Establishing geographical clusters of Clinics provides NVC with flexibility in human resource management. The Company will utilise efficient human resource practices such as internal locums, trained in NVC standards, who can fulfill the duties of staff away on leave. Other benefits for staff include career progression to management roles, or the opportunity to relocate to other Clinics within the group.

Some Clinics within the Initial Portfolio currently employ veterinarians, experienced in more complex procedures who rotate their time across Clinics within a cluster. This initiative provides better service to clients, facilitating practical onsite training to general practitioners increasing their standard of care, and allows NVC to retain a proportion of fees that would otherwise be referred outside the group. This approach will be expanded across the group.

2.3 Acquisition Criteria

As set out in Section 2.8, and given the fragmented nature of the industry, growth by acquisition is an important component of NVC's growth strategy.

NVC has undertaken an extensive acquisition program to secure the Initial Portfolio. NVC's Management and Directors have developed an assessment methodology based on industry benchmarks and relevant industry expertise which helped identify suitable Clinics.

The Clinics forming part of the Initial Portfolio were assessed based on detailed and disciplined acquisition criteria which included:

- Minimum historical annual revenue of $800,000;
- Profitable operating history;
- Costs and expense ratios at acceptable levels relative to industry benchmarks;
- Two or more veterinarians employed at each Clinic; and
- Likelihood of the Clinics achieving or exceeding appropriate clinical standards.

2.4 The Initial Portfolio

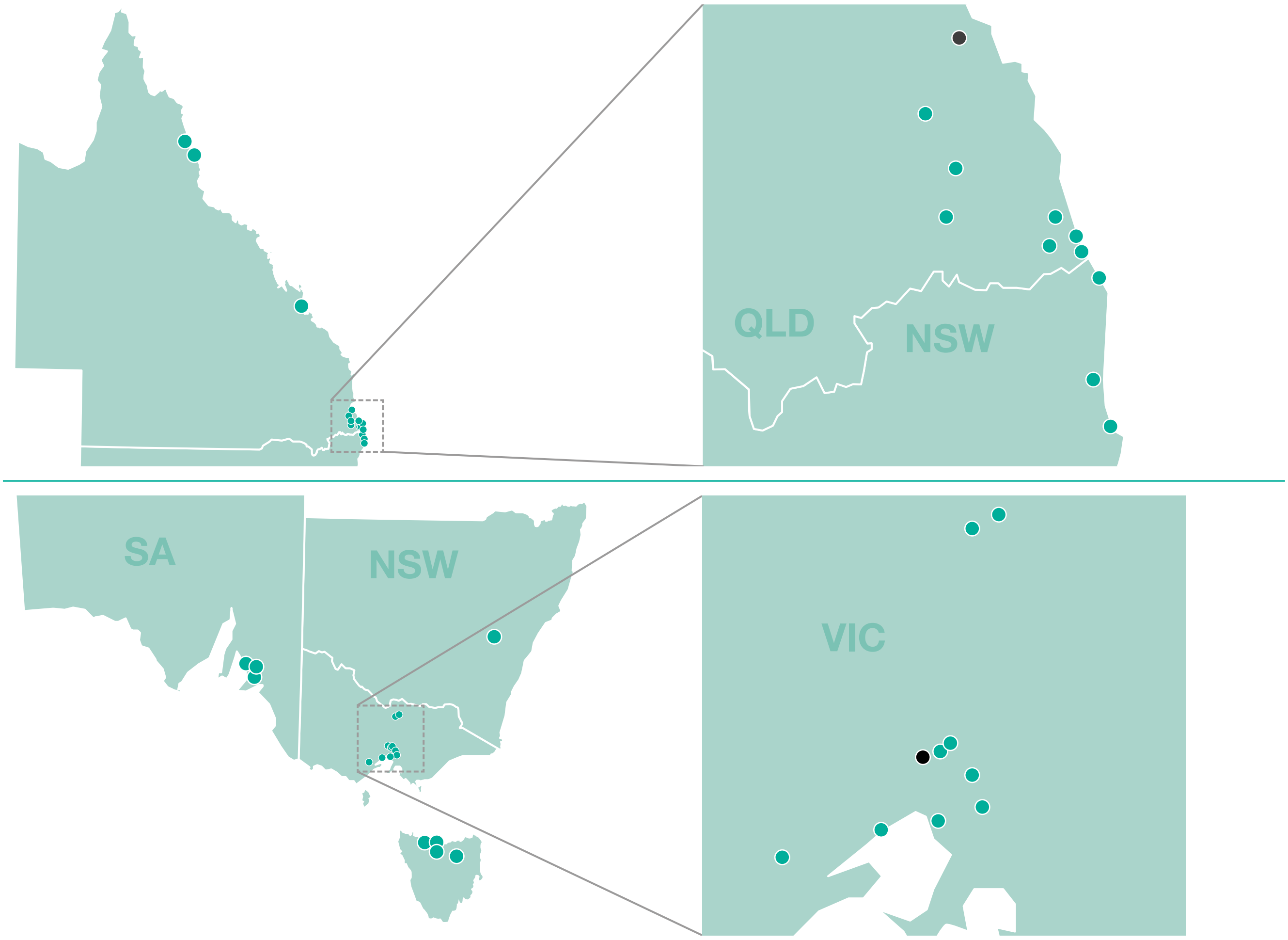
NVC has entered into Acquisition Agreements to acquire ownership of 30 veterinary Clinics and a majority interest in five Clinics. In these five Clinics, NVC's majority interest ranges from 51% to 74%.

The Initial Portfolio has the following characteristics:

- Average revenue per Clinic of $1.5 million;
- Profitable operating history;
- Focus on companion animals;
- Likelihood of the Clinics achieving or exceeding appropriate clinical standards; and
- Approximately half of the Clinics currently operate in a geographical cluster.

The location of Clinics in the Initial Portfolio are set out in Figure 2.1 below.

Figure 2.1: **Location of Initial Portfolio**



● Support Offices will be located in Albion, Queensland and Essendon, Victoria.

As part of the Initial Portfolio, NVC will acquire three established groups of Clinics, comprising 16 Clinics in total. Each of these groups have historically operated under their own centralised management structure and brand.

The balance 19 Clinics being acquired as part of the Initial Portfolio have been operated independently.

The FY16 EBIT multiple to be paid for the Initial Portfolio is set out in Table 2.2. A higher EBIT multiple was paid for the Clinics operating within established groups. These Clinics are based in attractive demographic locations, and together provide sufficient scale in Melbourne and Northern New South Wales/South East Queensland to operate as a cluster under the NVC model. A number of these Clinics have implemented coordinated practice management systems and introduced wellness programs. Management considered the integration and acquisition risk of acquiring these Clinics to be reduced given they currently operated under an established and centralised management structure.

Table 2.2 **Initial Portfolio Acquisition Multiples**

Ownership	Number of Clinics	FY16 EBIT Multiple[1]
Clinic groups	16	5.8
Individual clinics	19	4.5
Initial Portfolio	35	5.1

Note:
1. Reflects weighted average multiple.

In consideration for the sale of the Clinics, vendors of the Initial Portfolio will receive either cash or a combination of cash and Shares in NVC. Vendors of 22 Clinics will receive Consideration on Completion as well as Deferred Consideration. Deferred Consideration in these cases is between 15 and 20% of total purchase consideration. Deferred Consideration will be reduced if the EBIT performance for a period of 24 months following Completion of the acquisition is below the EBIT on which the purchase consideration was based.

The total consideration for the Initial Portfolio is $56.8 million comprising $45.8 million in cash and $11.0 million in NVC Shares. Consideration on Completion is $50.6 million comprising $44.5 million cash and $6.1 million in NVC Shares. Deferred Consideration is $6.2 million comprising $1.3 million in cash and $4.9 million in NVC shares.

Table 2.3 **Initial Portfolio Acquisition Consideration**

Consideration	Cash ($'000)	Shares ($'000)	Total ($'000)
Consideration on Completion	44,499	6,087	50,586
Deferred Consideration	1,276	4,946	6,222
Total Consideration	**45,775**	**11,033**	**56,808**

NVC will complete the acquisitions using a combination of funds raised under the Offer and the Finance Facilities.

NVC will enter into new market based lease arrangements with vendors that own the properties on which Clinics operate. Of the Initial Portfolio seventeen of the property leases are newly drafted lease agreements with the vendor. NVC will otherwise transfer existing leases from third party landlords. NVC does not intend to purchase freehold property.

2.5 Acquisition Integration

A key focus for the NVC Board and Management is the integration of the Initial Portfolio after Completion of Clinic acquisitions in accordance with its integration plan. NVC believes it can achieve this integration with minimum disruption to day to day Clinic operations, in light of the background and expertise of Management.

An immediate priority will be the integration of NVC financial systems (including finance, payroll and human resources) and associated policies and procedures. These financial systems will facilitate weekly reporting and monitoring of Clinic performance, enabling NVC management to respond quickly to issues arising at any particular Clinic.

The practice management system will be implemented across Clinics as required in accordance with the integration plan. Integration of the practice management system into a Clinic requires staff training and migration of patient records onto the Company's data base. The practice management system enables benchmarking on key performance indicators such as patient visits and procedures undertaken, allowing the identification of opportunities for professional development and support. The practice management system also enables the operation of the Wellness Program.

Plans for supplier rationalisation and centralisation have been established as part of the integration plan. The Company expects this will improve buying power and margins in respect of cost of goods sold (including food, pharmaceuticals and merchandise), capital equipment (including pathology and imaging equipment), and maintenance functions.

Senior members of the Veterinary Advisory Committee have been appointed and are currently in the process of developing NVC professional development and training programs as a key element of the integration plan.

In order to prepare for settlement of the Initial Portfolio and to pilot elements of the integration plan, NVC acquired operational control of a Clinic in Brisbane in March 2015. At this Clinic, NVC has implemented benchmark operational and clinical standards of care including:

- Installing new equipment to widen the service offering;
- Implementing staff training;
- Testing the practice management system;
- Testing the financial systems and introduction of associated policies and procedures;
- Negotiating supplier discounts; and
- Optimising the retail offering.

NVC expects vendors to continue to work in Clinics after acquisition. NVC has put initiatives in place to encourage vendors to remain following Completion. These include:

- A reduction in Deferred Consideration if Clinic profitability does not achieve the EBIT on which the purchase consideration was based;
- Restraint of trade clauses for vendors based on geographic boundaries, for a typical term of 24 months;
- The Clinics will continue to operate under their existing brand, with minimal changes to staffing;
- Offering training programs to staff, enhancing career progression; and
- Creating a professional and positive working environment that will encourage staff retention.

Management's experience is that vendors will remain with their Clinic for an extended period after acquisition given their administrative burden is reduced. This enables them to focus on professional veterinary services and delivery of patient care.

2.6 Key Operational Drivers

There are a number of factors relevant to NVC's financial and operational performance.

Revenue

Revenue for NVC will primarily be determined by the following factors:

- Number of Clinics in the portfolio;
- Clinic utilisation;
- Fees charged for veterinary services;
- Referrals to emergency and cremation services from NVC and non-NVC veterinarians;
- Demand for other products such as food, pharmaceuticals and merchandise; and
- Demand for services such as grooming, pet behavioural training and boarding.

These key sources of revenue for NVC are discussed below.

Fees

Fees are paid by clients in exchange for the provision of veterinary services. Fees are influenced by type of service or procedure performed as well as factors such as Clinic equipment, location, surrounding demographics and local competition.

The majority of veterinary service fees are paid immediately following completion of the appointment.

Product sales

Food, pharmaceuticals and merchandise are available for purchase at a Clinic. An important factor in sales of such products is to provide a relevant product range that is suited for the location and demographic of the local area. The key driver in the sale of these products is the professional advice provided during the consultation, particularly for prescription and specialty products.

These goods are paid for upon the sale to the client.

Expenses

Employee remuneration

Employee remuneration comprises the largest expense for NVC. Most veterinarians receive a remuneration package, while nurses and support staff typically receive award rates.

Prudent planning and control of rosters is important to ensure profitable operation of a Clinic. Time in attendance will be monitored through biometric recognition systems.

In addition, NVC will incur costs in relation to management support office staff.

NVC anticipates employee expenses will be approximately 52.9% of total operating expenses in the Forecast Period.

Direct expenses of providing services

The cost of food, pharmaceuticals and merchandise products is the second largest expense for NVC. Where possible, NVC will enter into agreements with major suppliers of these products, as well as manufacturers, in order to manage and minimise costs.

NVC expects the direct expenses of providing services to be approximately 30.6% of the total operating expenses in the Forecast Period.

Building and occupancy costs

Building and occupancy costs, primarily lease costs, represent approximately 8.8% of total operating expenses in the Forecast Period.

Other expenses

Other expenses, including insurance, marketing, travel, professional development and education and motor vehicle expenses, represent approximately 7.7% of total operating expenses in the Forecast Period. NVC considers these expenses can be managed more effectively through centralised administration.

2.7 Organisational Structure

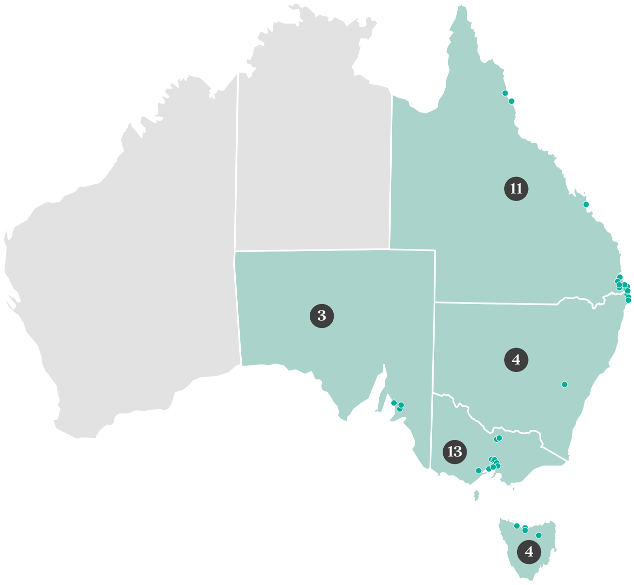
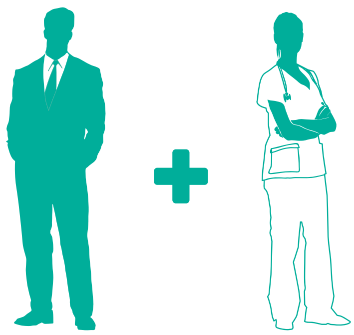
The NVC organisational structure is designed to support Clinics so that they are then able to focus on the delivery of veterinary services.

Management comprises Tomas Steenackers (Managing Director and CEO), Katherine Baker (Chief Financial Officer and Company Secretary), Darryl Cox (Operations Manager: Victoria, Tasmania, South Australia) and Robert Skoda (Operations Manager: Queensland, New South Wales) who are all experienced in the management of integrated veterinary clinics and service businesses.

The Board and the Management team will be supported in clinical matters by the Veterinary Advisory Committee chaired by Dr Charles Foster and supported by Dr Stephen Coles.

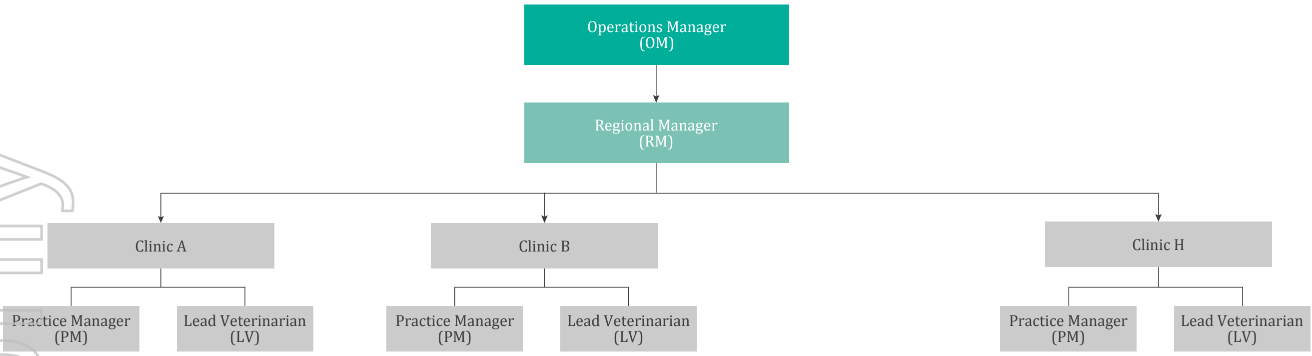
On Listing, NVC will operate a tiered management structure as set out in Table 2.4 and Figure 2.2.

Table 2.4: **NVC Organisational Structure**

	Function	**Description**
	Support office	Support office personnel will be responsible for implementing strategic direction and providing centralised administration services including finance, human resources, information technology and marketing. The Veterinary Advisory Committee will be responsible for developing NVC professional development and training programs.
	Regional management	Regional managers will support and provide assistance to a cluster of 8 to12 Clinics, and act as the conduit between those Clinics and the support office.
	Clinic level	Within each NVC Clinic, a practice manager and lead veterinarian will work together to ensure both administrative and professional service standards are met.

● Support Offices: Albion, Queensland; Essendon, Victoria.

Figure 2.2: **Clinic Management Structure**



2.8 Growth Strategies

NVC Board and Management aim to achieve growth through acquisitions and organic growth.

Organic growth

Organic revenue growth will be driven through the introduction of key strategies and efficiencies gained from managing a larger group of Clinics.

The Management team intends to implement programs to assist in generating revenue growth at Clinics including:

- Expansion of the Wellness Program, driving preventative pet care and client loyalty;
- Introducing benchmarking, via the practice management system, with the objective of implementing consistent standards of veterinary care;
- Targeted marketing strategies such as flyers, local news articles and 'mail-outs' to clients in relation to promotional activities and seasonal services;
- Clinical staff professional development and training to increase the range and their confidence in procedures they are capable of performing; and
- Introduction of capability to undertake more complex procedures to retain work that otherwise may be referred outside the group.

Acquisition growth

NVC believes that there is significant opportunity for further industry consolidation in the veterinary services sector due to:

- the fragmented nature of the industry (as discussed further in Section 3.3) and
- the changing characteristics of the veterinary workforce (as discussed further in Section 3.4).

Following the successful integration of the Initial Portfolio, each year NVC intends to continue acquiring Clinics. The acquisition criteria set out in Section 2.3 will continue to be applied.

The Board believes that it is imperative that the Company build clusters of veterinary Clinics in each target geographic region to facilitate the efficient management and support of the Clinics.

In order to support funding of acquisition growth, Finance Facilities of $29.75 million will be provided by ANZ as described in Section 4.13. Future acquisitions are expected to be funded via headroom in the Finance Facilities, available cash and vendor deferred payments.

The Directors believe that the Company has sufficient working capital to carry out the Company's objectives.

The current acquisition activity of NVC has generated interest from many veterinary practice owners in Australia looking to explore succession options. While there is no certainty that this interest will lead to successful acquisitions beyond the Initial Portfolio, NVC believes the progress achieved to date is indicative of the ability of the Management team to identify, negotiate and successfully acquire additional Clinics.

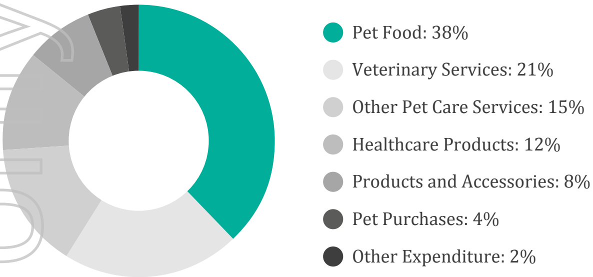
3

Industry Overview

3.1 Overview of the Pet Care Industry

The pet care industry in Australia was estimated to be worth approximately $8.0 billion in 2013, comprised of pet food, veterinary services, healthcare products and other products and services[1].

***Figure 3.1:* Australian Pet Care Industry ($8.0 billion)**

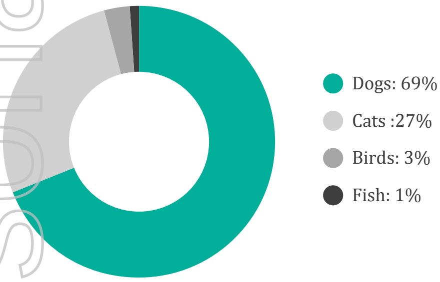


Within the pet care industry, the veterinary services sector includes prevention, diagnosis and treatment of disease and injury in pets. Veterinary services revenue is derived from consultations and treatment of pets such as routine check-ups, assessments of general well-being and welfare, vaccinations, de-sexing, surgery, in-house pathology, dentistry, x-ray and imaging services.

The veterinary services sector in Australia was estimated to generate revenue of approximately $1.7 billion in 2013 (approximately 21% of pet care industry revenue). In addition to veterinary services, veterinary clinics also sell merchandise, food and offer services such as grooming, behavioural training and boarding.

Approximately 69% of expenditure within the veterinary services segment ($1.7 billion) and other pet care services segments ($1.2 billion) relates to dogs, with cats representing a further 27% of expenditure[2].

***Figure 3.2:* Expenditure on Pet Care and Veterinary Services in Australia ($2.9 billion) (by pet type)**



3.2 Industry Growth Drivers

NVC Management estimates that veterinary services revenue in Australia will grow at low single digit percentages over the next five years.

A number of industry drivers affect veterinary services revenue in Australia.

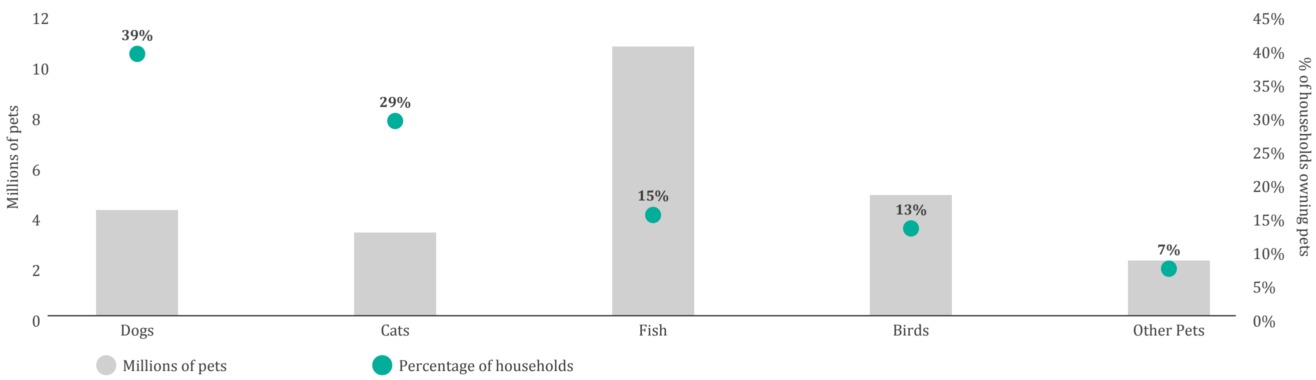
Pet ownership in Australia

The domestic animal population is a key driver of demand for veterinary services. It is estimated that there were 7.5 million dogs and cats in Australia in 2013[3].

Australia has one of the highest pet ownership levels in the world with 63% of Australian households owning pets (with dogs at 39% and cats at 29% of households)[4].

1. Animal Health Alliance (Pet Ownership in Australia 2013).
2. Animal Health Alliance (Pet Ownership in Australia 2013).
3. Animal Health Alliance (Pet Ownership in Australia 2013).
4. Animal Health Alliance (Pet Ownership in Australia 2013).

Figure 3.3: **Australian Pet Population and Ownership Rates**



Trends towards renting as well as higher density accommodation reduce the proportion of households owning dogs and cats. Pet ownership is higher for owner occupier households (67%) compared to households that rent (57%), and households living in freestanding homes are more likely to own a pet (68%) versus those living in units (39%)[5].

These accommodation trends resulting in potential reductions in ownership rates of dogs and cats, are offset by general population growth, as well as the proportion of households owning other animals.

Forecasts in relation to overall population of dogs and cats in Australia over the medium term range from marginal reduction to marginal growth.

Changing attitudes to pets

Reports indicate that pets are regarded as members of the family, by most pet owners. A survey of pet owners found that approximately 70% of respondents reported that the primary reason for pet ownership was companionship[6]. As a result of the trend towards the 'humanisation' of pets, many owners do not economise in terms of discretionary spending on their animal companions. This attitude, combined with increased awareness about animal health issues and the desire to maximise the longevity of pets, drives increased demand for veterinary services.

Veterinary services expenditure is generally higher in the first year of pet ownership, and later in the pet's life depending on their general health and requirements for specialist services such as dentistry and arthritis treatments.

Advanced surgical and diagnostic procedures

Veterinarians are considered to be the most important source of information about companion animals, therefore fulfilling an important education role for pet owners.

There has been growth in preventative care and elective treatments, with substantial increases in the provision of more advanced surgical procedures, in-patient care, diagnostic treatments, oncology and dentistry. Alternative treatments such as acupuncture and chiropractic services, as well as physiotherapy, are growing in popularity.

Household discretionary income and high income earners

The level of household discretionary income has an effect on the demand for veterinary services. Further, higher income earners are more likely to have a companion animal. As a result, high income earners account for a significant share of veterinary expenditure every year.

In 2010, an Australian Bureau of Statistics survey indicated that households in the highest income quintile spent an average of 4.3 times as much on veterinary charges as households in the lowest quintile[7].

5. Animal Health Alliance (Pet Ownership in Australia 2013).
6. Animal Health Alliance (Pet Ownership in Australia 2013).
7. Australian Bureau of Statistics Household Expenditure Survey (2009-2010).

3.3 Industry Structure and Competitive Landscape

Historically, only qualified and registered veterinarians were allowed to own and operate a veterinary practice. Since the deregulation of practice ownership in Australia, non-veterinarians have been able to invest in the industry, leading to the formation of corporate entities owning multiple practices.

NVC estimates that the Australian veterinary services industry is comprised of approximately 2,500 veterinary clinics. The location of veterinary clinics is influenced by the distribution of the population, with major cities accounting for a high proportion of industry revenue and number of clinics. In management's experience pet owners have a preference to visit veterinary clinics in close proximity to their homes. As a result, competition between veterinary practices is typically localised.

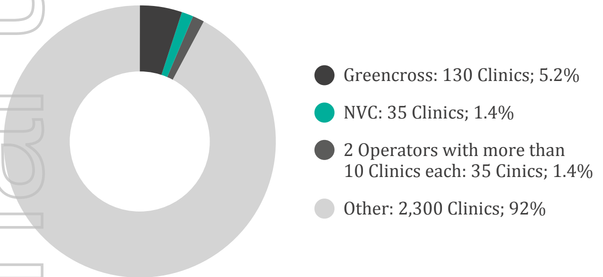
Ownership of veterinary clinics is highly fragmented with the vast majority of clinics owned by one or a small number of veterinarians. The corporate entities which have been established have grown primarily though acquisition of practices.

The largest participant in the Australian veterinary services market is Greencross Limited (GXL). GXL was listed on the ASX in 2007, at which point it owned 31 veterinary practices. GXL has since grown its veterinary clinic portfolio, primarily by acquisition, now owning approximately 130 general veterinary practices and related veterinary service businesses across Australia and New Zealand[8].

After GXL, there are a number of corporate entitles which own multiple clinics, typically within a particular city or state. Management are aware of two corporate entities in Australia that own more than 10 clinics each (35 clinics combined).

Assuming a total market of 2,500 veterinary clinics, GXL has a 5.2% market share by number of clinics. The next two largest corporate entities, owning more than 10 clinics each, have a combined market share of approximately 1.4% (35 clinics combined).

Figure 3.4: **Estimated Market Share of Key Participants (based on number of veterinary practices)**



Source: NVC Management Estimates

NVC has entered into contracts to acquire ownership of 30 Clinics and a majority interest in 5 Clinics. Based on current market data, following the Listing, NVC will have approximately 1.4% market share by number of clinics.

Market share by revenue for the corporate entities described above is likely to be significantly larger than market share calculated on clinic numbers shown in Figure 3.4. This is because revenue of veterinary practices acquired by corporate entities is typically larger than the revenue of an average veterinary practice, due to the significant number of sole operator practices.

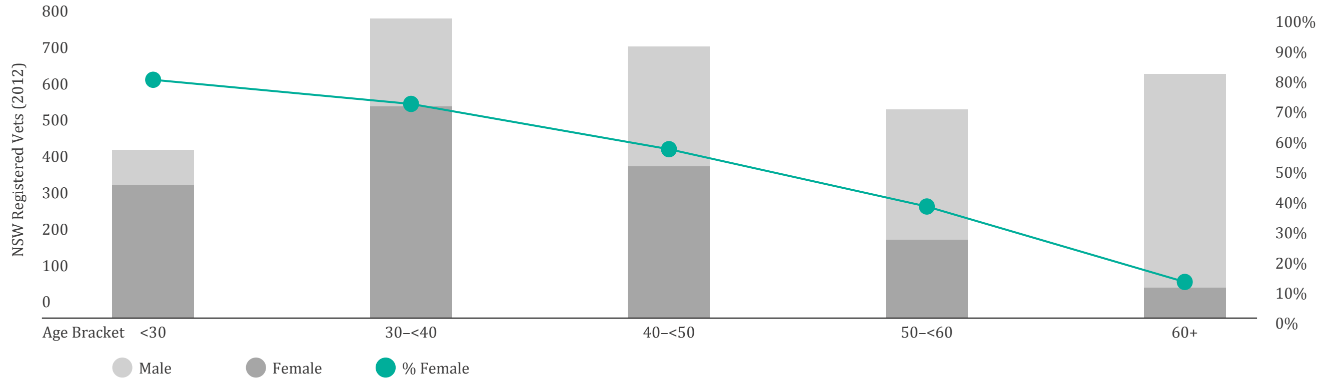
8. GXL Investor Presentations.

3.4 Characteristics of the veterinary workforce in Australia

There are approximately 10,500 registered veterinarians in Australia[9]. Not all of these veterinarians are actively practicing, and a proportion will be involved in servicing sectors outside the companion animal market, such as the agricultural and racing industries.

The proportion of females among registered veterinarians has been increasing due to the higher percentages of women graduating from veterinary schools. The proportion of female veterinary graduates in Australia has increased from approximately 65% 10 years ago to between 70%-85% today. Figure 3.5 illustrates gender changes among NSW registered vets at various age brackets. The proportion of females in younger age brackets is significantly higher relative to older age brackets[10].

Figure 3.5: **Registered Veterinarians in NSW (gender breakdown by age)**



Various studies indicate that owning a veterinary practice has less appeal to many female veterinary graduates given ownership of a practice provides less workplace flexibility. Data from the United States indicates that relative to males, female veterinarians decrease their work hours a few years after joining a practice, and of married veterinarians, a higher proportion of females work part time. In addition, of veterinarians in their late 40s and 50s, about 75% of males have an equity holding in a veterinary practice relative to 35% of females[11].

NVC believes this changing demographic is partly driving the corporatisation of the veterinary industry. The Company's business model is well suited to cater for such demographic changes given its ability to provide flexible working arrangements and relieve professional staff of administrative duties.

3.5 Supply of Veterinarians

The number of graduates from veterinary schools has significantly increased over the last twenty years, driven by increasing enrolments at established veterinary schools, as well as the introduction of new veterinary school programs.

Until recently, there were four courses graduating veterinarians from Sydney, Melbourne, Queensland and Murdoch universities. Additional programs have since been added by Charles Sturt, James Cook and Adelaide universities, with first students graduating between 2010 and 2013[12].

The number of students graduating from veterinary schools in Australia, who are qualified to register for practice, increased from an average of 229 per year between 1995 and 1999, to 463 between 2008 and 2011. The increase in domestic graduate numbers will be lower than that for total veterinary graduates, given an increasing percentage of international student completions since 2009, an unknown proportion of whom remain in Australia to practice[13].

It is forecast that 2015 veterinary school graduate numbers will be between 500 and 550. Expectations are for graduate numbers to stabilise at this level in the medium term[14].

NVC believes that this increasing supply of veterinarians will support its growth strategy. NVC seeks to offer these graduates a working environment focused on clinical standards, professional development and workplace flexibility.

9. The Australian Veterinary Association (Australian veterinary workforce survey 2013 – May 2014).
10. The Australian Veterinary Association (Australian veterinary workforce survey 2013 – May 2014).
11. Goldin and Katz, The ANNALS of the American Academy of Political and Social Science 2011 638:45.
12. The Australian Veterinary Association (Australian veterinary workforce survey 2013 – May 2014).
13. Pratley, JE. Education for the veterinary profession [online]. Agricultural Science Vol. 24, No. 1, April 2012: 30 – 33
14. The Australian Veterinary Association (Australian veterinary workforce survey 2013 – May 2014).

4 Financial Information

4.1 Introduction

National Veterinary Care Ltd was incorporated on 9 October 2013 and has a 30 June financial year end.

The Financial Information comprises the Historical Financial Information and the Forecast Financial Information.

The Historical Financial Information includes:

- The pro forma historical aggregated statement of financial position as at 30 June 2015 (the Pro Forma Balance Sheet or the Historical Financial Information).

The Forecast Financial Information includes:

- The statutory forecast income statement for the period 1 July 2015 to 30 June 2016 (the Statutory Forecast Income Statement);
- The pro forma forecast income statement for the period 1 July 2015 to 30 June 2016 (the Pro forma Forecast Income Statement);
- The statutory forecast cash flow statement for the period 1 July 2015 to 30 June 2016 (the Statutory Forecast Cash Flow Statement); and
- The pro forma forecast cash flow statement for the period 1 July 2015 to 30 June 2016 (the Pro forma Forecast Cash Flow Statement).

The Pro forma Forecast Income Statements and the Pro forma Forecast Cash Flow Statements comprise the Initial Portfolio as if those Clinics were owned and operated by NVC for the full year ending 30 June 2016. The Pro forma Forecast Financial Information also makes adjustments to remove one-off (or non-recurring) costs associated with the acquisition of the Initial Portfolio, together with one-off costs related to the Listing.

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand dollars.

4.2 Basis of preparation and presentation of Financial Information

The Directors of NVC are responsible for the preparation of the Financial Information.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards.

The Financial Information is presented in an abbreviated format and does not contain all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

In accordance with AASB 8 Operating Segments, NVC has determined that it satisfies the criteria to allow the reporting of one operating segment. This is based upon the Board being the Chief Operating Decision Maker (CODM), and the judgement of the Board that the portfolio of Clinics will be reviewed on a collective basis going forward as they have fundamentally the same economic and regulatory nature and characteristics.

The Financial Information has been reviewed and reported on by HLB Mann Judd as set out in the Investigating Accountant's Reports (refer to Section 8).

4.3 Preparation of Historical Financial Information

The Historical Financial Information has been derived from the unaudited statement of financial position of NVC as at 30 June 2015 and assumes the acquisition and aggregation of the Initial Portfolio as at that date.

4.4 Preparation of Forecast Financial Information

NVC has based the Forecast Financial Information upon various assumptions. Due care and attention has been given to the preparation of the Forecast Financial Information and the assumptions represent NVC's best estimate of anticipated future transactions and events based on the information and documents available at the date of issue of this Prospectus. NVC considers the Forecast Financial Information to be reasonable and that there is a reasonable basis for the preparation of the Forecast Financial Information.

Investors should appreciate that forecasts by their very nature are subject to uncertainties which may be outside of NVC's control or may not be capable of being foreseen or accurately predicted. As such actual results may differ from the Forecast Financial Information and such differences may be material.

The Forecast Financial Information is presented on both a statutory and pro forma basis. The Pro forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information after making adjustments in relation to certain non-recurring items.

NVC has no intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information into the future, except as required by law.

The Forecast Financial Information has been reviewed by HLB Mann Judd but has not been audited. Investors should note the scope and limitations of the Investigating Accountant's Report (refer to Section 8). The Forecast Financial Information should be read in conjunction with the general assumptions and the specific assumptions, the sensitivities, the risk factors and other information in this Prospectus.

4.5 Explanation of certain non-IFRS financial measures

In order to assist readers of NVC's financial statements better understand the Forecast Financial Information, NVC uses certain non-IFRS financial measures. These non-IFRS financial measures are not recognized by Australian Accounting Standards, and as such, they do not have standard definitions. Their calculation may vary to similarly titled measures presented by other companies.

The principle non-IFRS financial measures referred to in this Prospectus are:

EBITDA and EBITDA after non-controlling interests, being:

- EBITDA is earnings before all interest, tax, depreciation and amortisation expenses.
- EBITDA after non-controlling interests deducts the proportionate share of EBITDA of subsidiary companies where NVC does not own 100% of a subsidiary.

EBIT and EBIT after non-controlling interests, being:

- EBIT is earnings before all interest and tax. It does however include depreciation and amortisation.
- EBIT after non-controlling interests deducts the proportionate share of EBIT of subsidiary companies where NVC does not own 100% of a subsidiary.

4.6 Acquisitions included in the Forecast Financial Information

Set out below is the consideration paid for the Initial Portfolio.

Consideration	Cash $'000	Shares $'000[1]	Total $'000
Consideration on Completion	44,499	6,087	50,586
Deferred Consideration[2,3]	1,276	4,946	6,222
Total consideration[4]	**45,775**	**11,033**	**56,808**

Notes:

1. Approximately 96.8% of these Shares are to be issued to vendors at Completion and held in voluntary escrow for 24 months.
2. Deferred Consideration has not been discounted to reflect fair value. These adjustments have been included in the Forecast Financial Information and pro forma balance sheet.
3. Deferred Consideration, including Shares, will be reduced if the EBIT performance for a period of 24 months following completion of the acquisition is below the EBIT on which the purchase consideration was based.
4. The above consideration includes payment for inventory acquired on settlement, and is net of employee liabilities assumed by NVC.

Determination of purchase consideration

The purchase price for each Clinic or group of Clinics within the Initial Portfolio was determined on the basis of an EBIT multiple per Clinic. This is described in Section 2.4 and summarised in Table 2.2 of this Prospectus. A higher EBIT multiple was paid for the Clinics operating within established groups.

The relevant EBIT multiple forming the basis of the purchase price calculation was based on and compared with industry standards and market practice. This multiple and the forecast EBIT for the Clinic was then tested and verified by the Investigating Accountant.

4.7 Forecast income statements

Set out below is a summary of the unaudited Directors' Statutory and Pro forma Forecast Income Statements for the year 1 July 2015 to 30 June 2016. This table sets out summary financial information only and does not comply with all the disclosures required by Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act.

Statutory Forecast Income Statement	Note	Year Ending 30 June 2016 $'000
Revenue from continuing operations	**3**	**44,142**
Employee expenses	4	19,491
Building and occupancy expenses	5	3,204
Direct expenses of providing services	6	11,051
Other expenses		2,562
Acquisition expenses	8	2,229
EBITDA	**7**	**5,605**
Depreciation		478
EBIT		**5,127**
Net finance expense	9	1,173
Profit/(Loss) before tax		**3,953**
Income tax expense	10	1,615
Statutory Profit/(Loss) after tax		**2,338**
Statutory Profit/(Loss) attributable to non-controlling interest	11	636
Statutory Profit/(Loss) attributable to NVC		**1,702**

Reconciliation to Pro forma EBITDA		
Statutory Profit/(Loss) after tax		**2,338**
Add Back		
Depreciation		478
Net finance expense	9	1,173
Income tax expense	10	1,615
Acquisition expenses	8	2,229
Pro forma EBITDA attributable to period before Completion	12	1,779
Pro forma EBITDA		**9,613**
Pro forma EBITDA attributable to non-controlling interests	11	1,127
Pro forma EBITDA attributable to NVC		**8,486**

Notes:

1. Refer to Section 4.9 for information on key assumptions in preparing the forecasts.
2. The year ending 30 June 2016 represents the financial performance of NVC assuming the completion of the Initial Portfolio occurring on 1 September 2015.
3. Reflects veterinary services fees, sale of associated food, pharmaceuticals and merchandise, and fees for other services including grooming, pet behavioural training, boarding, emergency and cremation services.
4. Reflects remuneration and on-costs for all employees.
5. Reflects $2.2 million in rent for Clinics and support office and $1.0 million in other expenses associated with building occupancy.
6. Reflects cost of goods sold in the direct provision of veterinary services including food, pharmaceuticals and merchandise, but excluding employee costs.
7. Includes $3.2 million of support office costs including Management remuneration and on-costs, occupancy expenses, public company related costs, audit, travel and insurance expenses.
8. Include acquisition costs, listing expenses and IPO Related Costs. The main components of this amount are stamp duty of $1.0 million and advisor fees of $1.2 million (but excludes $1.4 million of IPO Related Costs that have been allocated to issued capital in accordance with Accounting Standards).
9. Net finance expenses represent the line fee and interest charged on the Finance Facility, interest charged on the overdraft and bank guarantees used for rental bonds, offset by interest earned on cash in bank.
10. Income tax expenses reflects a 30% company tax rate for the forecast period, adjusted for non-deductible expenses of $1.4 million incurred in connection with the acquisition of the acquired Clinics.
11. Non-controlling interests reflects the earnings attributable to vendors who retained a non-controlling interest in 5 Clinics on completion.
12. The Statutory Forecast Income Statement was based on the completion of the Initial Portfolio on 1 September 2015. This adjustment reflects the pro forma EBITDA as if the Initial Portfolio was owned for the full year ended 30 June 2016.

Pro Forma Forecast Income Statement	Note	Year Ending 30 June 2016 $'000
Revenue from continuing operations	**1**	**53,174**
Employee expenses	2	23,043
Building and occupancy expenses	2	3,850
Direct expenses of providing services	2	13,313
Other expenses	2	3,356
Pro forma EBITDA		**9,613**
Depreciation		576
Pro forma EBIT		**9,037**
Net finance expense		1,273
Pro forma profit before tax		**7,764**
Income tax expense		2,329
Pro forma profit after tax		**5,435**
Pro forma profit attributable to non-controlling interest		767
Pro forma profit attributable to NVC		**4,668**

Notes:

1. Refer to Section 4.9(b)(ii) on page 37 for additional information.
2. Refer to Section 4.9(b)(iii) on page 38 for additional information.

Set out below is the effect of non-controlling interests on the pro forma EBITDA and EBIT attributable to vendors who retained a non-controlling interest in 5 Clinics on Completion.

Impact of non-controlling interests on pro forma EBITDA and EBIT	
Pro forma EBITDA	**9,613**
Less Pro forma EBITDA attributable to non-controlling interest	1,127
Pro forma EBITDA after non-controlling interests	**8,486**
Pro forma EBIT	**9,037**
Less EBIT attributable to non-controlling interest	1,095
EBIT after non-controlling interests	**7,942**

4.8 Forecast cash flow statements

Set out below is a summary of the unaudited Directors' Statutory and Pro forma Forecast Cash Flow Statements for the year 1 July 2015 to 30 June 2016. This table sets out summary financial information only and does not comply with all the disclosures required by Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act.

Statutory Cash Flows	Note	Year Ending 30 June 2016 $000
Cash flows from operating activities		
Receipts from clients		47,112
Payments to suppliers and employees		(38,470)
Financing costs		(1,173)
Income taxes paid	1	0
Net cash flows from operating activities		**7,468**
Cash flows from investing activities		
Payments for purchase of businesses	3	(44,499)
Payments for property, plant and equipment	2	(552)
Net cash flows from investing activities		**(45,051)**
Cash flows from financing activities		
Proceeds from issue of Shares	4	29,985
Borrowings	5	19,636
Share issue, acquisition and IPO Related Costs	6	(3,579)
Net cash flows from financing activities		**46,042**
Net cash flows		**8,460**
Pro forma adjustments		
Share issue, acquisition and IPO Related Costs		3,579
Proceeds from issue of Shares		(29,985)
Borrowings		(19,636)
Payments for purchase of businesses		44,499
Working capital adjustment	7	(808)
Net cash flows from operating activities attributable to period before completion	8	1,381
Pro forma cash flows		**7,489**

Notes:

1. The Statutory and Pro forma Forecast Cash Flow Statement assumes that no tax will be payable during the Forecast Period, but has been provided for in Statutory and Proforma Forecast Income Statements. NVC is expected to be in a loss position for the year ending 30 June 2015 and is assumed not to pay tax until the financial year ended 30 June 2017 (for tax payable in respect of FY16).
2. Payments for property, plant and equipment represents Management's assumed level of capital expenditure to refresh the acquired clinics during the Forecast Period.
3. Payments for acquisitions represents the amount to be paid for the purchase of Clinics including $3.0 million of plant and equipment, and $1.6 million for inventory acquired through completion of the Initial Portfolio, offset by employee liabilities of $1.4 million assumed by NVC.
4. Proceeds from issue of Shares under this offer. This excludes $11.0 million of Shares issued to vendors as part of their acquisition consideration as they are a non-cash item.
5. Net proceeds from borrowings represents acquisition funding drawn down from the Finance Facility offset by the establishment fees for the Finance Facility.
6. Share issue, acquisition and IPO Related Costs represents share issue costs, payments associated with the acquisition of the Clinics, including stamp duty of $1.0 million and advisor fees of $2.6 million.
7. The Statutory Forecast Cash Flow Statement assumes the Completion of the Initial Portfolio on 1 September 2015. This adjustment reflects normal levels of working capital as if the Initial Portfolio was owned for full year ended 30 June 2016.
8. The Statutory Forecast Cash Flow Statement was based on the Completion of the Initial Portfolio on 1 September 2015. This adjustment reflects the pro-forma operating cash flow attributed as if the Initial Portfolio was owned for the full year ended 30 June 2016.

Pro forma Cash Flows	Year Ending 30 June 2016 $000
Cash flows from operating activities	
Receipts from customers	58,455
Payments to suppliers and employees	(49,029)
Financing costs	(1,273)
Income taxes paid	–
Net cash flows from operating activities	**8,153**
Cash flows from investing activities	
Payments for purchase of businesses	–
Payments for property, plant and equipment	(664)
Net cash flows from investing activities	**(664)**
Net cash flows	**7,489**

4.9 Management discussion and analysis and forecast assumptions

The Forecast Financial Information has been prepared based in accordance with Australian Accounting Standards and with the significant accounting policies adopted by NVC as disclosed in Section 4.16. It is assumed that there will be no changes to Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material affect on NVC's accounting policies during the Forecast Period.

The Forecast Financial Information is based upon various best estimate assumptions concerning future events, including those set out below. In preparing the Forecast Financial Information, NVC has undertaken an analysis of the historical performance of the Initial Portfolio and applied assumptions in order to forecast future performance for FY16.

The analysis of the Initial Portfolio's historical performance included historical operational and financial information, taxation and accounting source records provided by the vendors for the year ended 30 June 2013, 30 June 2014, and for the six months ended 31 December 2014. In addition, management accounts were analysed by management for the nine months to 31 March 2015 for 14 Clinics representing 36% of FY15 revenue (Vendor Financial Information). This Vendor Financial Information was then annualised to arrive at a 30 June 2015 position.

The Investigating Accountant undertook a review of the assumptions made in respect of revenue and expenses, verified these figures and compared them with industry benchmarks. Adjustments for seasonality were also undertaken, and the consistency and appropriateness of normalisations were assessed. The Investigating Accountant also reviewed revenue and expenditure information for the year ended 30 June 2014, and for the six months ended 31 December 2014 to identify any trends, inconsistencies and anomalies. Revenue trends were also examined from the 2012 financial year to the 2014 financial year.

In addition, in accordance with the Board's policy regarding acquisitions, those Clinics or Clinic groups with a purchase price of over $3,000,000 were subject to further legal and financial due diligence by an independent third party. Given that transactions of this size are typically more complex and more time consuming, the Board's policy provides support to Management in the acquisition process and provides the Board with a greater level of comfort around significant acquisitions. As NVC expands, this policy will be reviewed.

NVC does not consider it appropriate to include the Vendor Financial Information in this Prospectus because it has not been uniformly prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and has not been the subject of an audit or review. References to Vendor Financial Information in this Prospectus have been provided to add context to Management's assumptions and should be read with consideration of the limitations outlined above.

NVC believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus.

However, actual results are likely to vary from those forecast and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information are based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of NVC and its Directors, and are not reliably predictable.

Accordingly, none of NVC, its Directors, or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.10, the risk factors set out in Section 5 and the Investigating Accountant's Report set out in Section 8.

a. General Assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted:

- Other than the entry of NVC, there is no significant change in the competitive environment in which NVC operates;
- NVC holds appropriate insurance arrangements to mitigate operational risks during the forecast period;
- No significant asset acquisitions or sales other than those set out in this Section of the Prospectus;
- No further issue of Shares during the forecast period other than those anticipated in this Prospectus;
- No material changes in the government regulatory environment;
- No material changes in general economic and business conditions including levels of inflation, employment and interest rates;
- No changes to the statutory, legal or regulatory environment which would be detrimental to NVC in any of the jurisdictions in which it operates;
- No changes in current income tax legislation;
- No material changes in Australian Accounting Standards, other mandatory professional reporting requirements, or the accounting policies of NVC which would have a material impact on the financial results of NVC;
- No material impact from the loss of key personnel;
- No material impact from contingent liabilities, litigation or other legal claims to which NVC is a party;
- No material change to NVC's funding arrangements, other than as set out in, or contemplated by this Prospectus;
- No material disruptions to the continuity of operations of NVC or other material changes in its business;
- No material amendment to, or termination of, any material contract or arrangement referred to in this Prospectus; and
- The Offer proceeds in accordance with the timetable set out on page 2 of this Prospectus.

b. Specific Assumptions

i. Acquisitions

In preparing the Forecast Financial Information, the following specific assumptions have been made in relation to the acquisition of the Initial Portfolio:

- The signed contractual arrangements to effect the acquisition of the Initial Portfolio are successfully completed with all conditions met and assets transferred;
- The number of clinical staff including veterinarians will remain with the Clinics following Completion, local branding will remain the same, and the lease arrangements over the relevant premises will continue on similar terms;
- The client base and volume of patients of the Clinics and the demand for veterinary services will continue at similar rates following Completion, with clients unlikely to change service providers and more likely to continue to attend clinics which are geographically convenient;
- No material change has been forecast in relation to the types of goods and services or the prices charged for those goods and services at the general practice Clinics relative to the Vendor Financial Information;
- The Initial Portfolio of 35 Clinics will be successfully completed and integrated from 1 September 2015; and
- No other significant asset acquisitions or sales other than those set out in this Section of the Prospectus.

ii. Revenue

The Forecast Financial Information assumes NVC earns revenue from the following sources:

- Provision of veterinary services (approximately 79.1% of FY16 revenue);
- Provision of business-to-business services, such as emergency and cremation services (approximately 17.0% of FY16 revenue); and
- Provision of other goods and services (approximately 3.9% of FY16 revenue), including:
  - Sale of associated food, pharmaceuticals and merchandise;
  - Provision of other services, such as grooming, pet behavioural training and boarding.

NVC forecasts a 2.4% increase in revenue for the year ending 30 June 2016 driven by factors outlined in the commentary below.

Revenue from general practices

The majority of revenue received in general practices is derived from veterinary services. Other revenue sources include the sales of food, pharmaceuticals and other merchandise, together with other services such as grooming, pet behavioural training and boarding.

The Forecast Financial Information assumes that there will be no change in the number of patients and clients seen at each general practice compared to Vendor Financial Information. The Directors have forecast revenue on a Clinic by Clinic basis, using the Vendor Financial Information and have applied a seasonality adjustment, which forecasts revenue and expenses expected to be slightly lower in the second half of the year compared to the first half.

The Forecast Financial Information assumes that revenue will increase at a general veterinary practice following the introduction of the Company's Wellness Program. The introduction of the Wellness Program depends on the timing of the implementation of the new practice management system which will be introduced in a staged manner across the Initial Portfolio between 1 September and 31 December 2015. Revenue increase at a general practice is assumed at a rate of 3.0% per annum (driven by an anticipated increase in the volume of patients) starting one month after the introduction of the Wellness Program.

Revenue from business-to-business operations

The majority of revenue received in business-to-business operations is derived from emergency veterinary services and pet cremation services. This revenue is dependent upon referrals from NVC and non-NVC veterinarians.

The Forecast Financial Information assumes that there will be no material increase in the number of patients and clients seen at business-to-business operations. There will be a 3.0% price increase across cremation services from 1 July 2015, and a 3.0% price increase in emergency centres from 1 December 2015.

Set out below is a comparison of Pro-forma Forecast Income Statement against Vendor Financial Information, together with an explanation of the adjustments and variations between these figures:

Vendor Financial Information compared to Pro-forma Forecast Income Statement	Pro-forma Forecast Income Statement $'000	Vendor Financial Information – Year ended 30 June 2015 $'000	Adjustment to Vendor Financial Information $'000	% Change
Revenue from continuing operations	53,174	51,915	1,259	2.43%
Employee expenses	23,043	19,291	3,752	19.45%
Building occupancy expenses	3,850	3,281	568	17.32%
Direct expenses of providing services	13,313	12,817	496	3.87%
Other expenses	3,356	5,495	(2,138)	-38.92%
Pro-forma EBITDA	**9,613**	**11,032**	**(1,419)**	**-12.86%**

iii. Expenses

Employee Expenses:

Employee expenses comprise the remuneration at both the Clinic and support office levels, including all on costs.

Employee numbers at Clinics are based upon employee rosters provided in the Vendor Financial Information.

In order to establish the accuracy of the annualised Vendor Financial Information for the year ended 30 June 2015, internal verification and due diligence was undertaken. This included:

- reviewing the appropriateness of rosters in order to achieve service and revenue expectations;
- ensuring that remuneration rates were in line with market and relevant awards;
- agreeing with the Vendors relevant salaries to apply subsequent to the completion of the acquisitions; and
- ensuring that the impact of on-costs such as superannuation, payroll tax and workers compensation was correctly calculated and included.

The annualised Vendor Financial Information for the year ended 30 June 2015 included employee expenses of $19.29 million. This was adjusted to reflect an increase in:

• Payroll Tax	$0.85 million
• Workers Compensation	$0.03 million
• Superannuation	$0.56 million
• Rostering & Vendor Salaries	$0.41 million
• Support Office Salaries (excluding on costs)	$1.90 million
• Total Adjustments	$3.75 million

This resulted in employee expenses in the Forecast Financial Information of $23.04 million.

In the Forecast Financial Information, employee expenses at Clinics are based on the higher of the current award rate, the existing rate being paid as per the Vendor Financial Information, or for certain vendors the amount agreed as part of negotiation of the Acquisition Agreement.

Support office employee numbers are based upon existing employee numbers and Management's experience in relation to the expected number of staff required to effectively operate NVC following the Listing. Support office employee expenses (including NVC Management) are based on existing employee agreements and market based remuneration for vacant roles.

Management's remuneration includes the cost of both short term incentive and long term incentive plans.

Occupancy Expenses:

Occupancy expenses reflect current occupancy expenses as per the Vendor Financial Information, or newly drafted lease agreements with Vendors that will come into effect on completion of the relevant acquisition. Occupancy expenses have been adjusted, where applicable, to reflect future rent increases.

Of the Initial Portfolio seventeen of the property leases are newly drafted lease agreements with the vendors.

The annualised Vendor Financial Information for the year ended 30 June 2015 included occupancy expenses of $3.28 million. This was adjusted to reflect an increase in:

- Support Office Rent & Outgoings $0.10 million
- Adjustment to agree to current lease $0.47 million
- Total Adjustments $0.57 million

This resulted in occupancy expenses in the Forecast Financial Information of $3.85 million. The adjustment to agree to current lease includes market rent in properties not already leased and CPI increases factoring in outgoings on other properties.

Total occupancy expenses as a percentage of forecast revenue equates to 7.24%, which compares to independent benchmarking data obtained which shows occupancy costs including outgoings of 6.81% as a percentage of revenue.

Direct expenses:

Direct expenses represent non-employee and non-occupancy expenses incurred at the Clinic level connected with the provision of goods and services. These costs include the purchase of food, pharmaceuticals, merchandise and pathology services.

Direct expenses have been assumed based on Vendor Financial Information, which has been compared to industry benchmarks. In the Forecast Financial Information, relative to the Vendor Financial Information these expenses, as a percentage of revenue, have been held constant, except for a 0.5% increase as a percentage of revenue relating to the introduction of the Wellness Programs at each general veterinary practice.

Vendor Financial Information annualised for the year ended 30 June 2015 includes direct expenses of $12.81 million which was increased to $13.31 million in the Forecast Financial Information. The increase in direct expenses was made up of $0.32 million from the increase in forecast revenue and $0.18 million from the 0.5% increase in direct expenses as a percentage of revenue. This increase in direct expenses as a percentage of revenue relates to the introduction of the Wellness Programs and is due to discounts provided on veterinary products for clients who participate in the Wellness Programs.

Direct expenses as a percentage of Forecast revenue equates to 25.04%. This compares to independent benchmarking data obtained on veterinary clinics showing direct expenses of 26.06% as a percentage of revenue. The business to business units have lower direct costs as a percentage of revenue due to the nature of these business, with direct expenses being 14.67% of the revenue of these business units.

Other Expenses:

Other expenses comprise all other indirect costs of running the Clinics and the support office. The assumptions in relation to other expenses are based on a bottom up analysis, utilising Management's experience combined with historical expenditure in the Vendor Financial Information as a benchmark.

The other expenses include local marketing, information technology support costs, professional development costs, telephone and internet costs, insurance and licenses and fees.

Other expenses also include governance related expenditure (e.g. audit, professional advisors, directors fees, ASX listing fees), travel, professional development and insurance.

Vendor Financial Information annualised for the year ended 30 June 2015 included other expenses of $5.49 million which included accounting fees, bookkeeping fees, legal expenses and other costs that have been centralised in the NVC support office. Forecast other expenses are $3.36 million which when added to support office salaries and wages, including on-costs, results in a total of $5.53 million. Support Office salaries and wages are included in this calculation because the other expenses from the Vendor Financial Information included external advisors and costs related to activities that will now be managed in house by the staff at the NVC support office.

Other Assumptions

Capital expenditure is based on Management's assessment of the level of ongoing refurbishment and capital maintenance requirements for the Initial Portfolio of clinics, and has been allowed for in the forecast cash flows.

4.10 Sensitivity Analysis

The Forecast Financial Information included in Section 4.7 and 4.8 is based upon a number of estimates and assumptions as described in Section 4.9. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of NVC, the Directors and Management. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

Set out below is a summary of the key sensitivities of the Pro forma Forecast Income Statement to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced.

Care should be taken in interpreting these sensitivities as they consider movements on an isolated basis, whereas in reality the effects of movements may be offset or compounded by movements in other variables. Furthermore in the normal course of business, Management would be expected to respond to any changes in these key variables to minimise the net effect on financial performance.

Sensitivity	Impact on Pro Forma Forecast NPAT for FY16 $'000
Revenue	1,158
+/– 5% change in the growth rate of operating revenue	
Expenses	
+/– 5% change in employee expenses	682
+/– 5% change in purchases	387
+/– 5% change in other operating costs	90
+/– 1% change in finance costs	8

Notes:
1. The numbers above are on a post tax basis assuming a 30% company tax rate and has not taken into account non-controlling interests.

4.11 Actual and Pro Forma Balance Sheets

The unaudited actual and Pro Forma Balance Sheet is presented as at 30 June 2015. The unaudited Pro forma Balance Sheet is based on the unaudited actual balance sheet as at 31 December 2014 adjusted for acquisitions, capital raised as part of the Listing and certain other transactions as set out below:

Pro forma balance sheet

Pro Forma Balance Sheet $'000	30 June 2015	Impact of the Offer	Impact of Acquisitions	Pro forma
Current Assets				
Cash at bank	192	45,968	(44,512)	1,648
Accounts receivable	4	–	13	17
Provision for doubtful debts	–	–	–	–
Loan – Albion Vet Surgery	21	(21)	–	–
Borrowing Costs	–	81	–	81
Inventories	–	–	1,569	1,569
Total Current Assets	**217**	**46,027**	**(42,930)**	**3,314**
Non-Current Assets				
Plant and equipment	22	–	3,027	3,049
Investment in Albion Vet Surgery	100	(100)	–	–
Goodwill	–	–	59,681	59,681
Deferred tax asset	361	780	425	1,566
Total Non-Current Assets	**483**	**680**	**63,133**	**64,296**
TOTAL ASSETS	**700**	**46,707**	**20,202**	**67,610**
Current Liabilities				
Accounts payable	209	–	–	209
Accruals	97	–	–	97
Bank loan	–	–	–	–
Employee entitlements	–	–	960	960
Total Current Liabilities	**306**	**–**	**960**	**1,266**
Non-Current Liabilities				
Deferred consideration	–	–	1,136	1,136
Bank loan	–	19,636	–	19,636
Convertible note	700	(700)	–	–
Employee entitlements	–	–	456	456
Total Non-Current Liabilities	**700**	**18,936**	**1,592**	**21,228**
TOTAL LIABILITIES	**1,006**	**18,936**	**2,552**	**22,494**
NET ASSETS	**(306)**	**27,771**	**17,651**	**45,116**
Equity				
Issued capital	814	29,591	11,033	41,439
Retained profits	(1,120)	(1,820)	–	(2,940)
TOTAL EQUITY	**306**	**27,771**	**17,651**	**45,116**

Notes:

1. Represents the net proceeds raised from the Offer of $42.07 million after deducting associated fees of $3.20 million. Fees are expected to be deductible for tax purposes over a five year period and therefore give rise to a deferred tax asset.
2. The net proceeds raised will be used to acquire the Initial Portfolio. The entire assets and liabilities of the Initial Portfolio comprise:
   a. The acquisition of Initial Portfolio for $56.81 million. Of this amount $53.28 million relates to goodwill and $3.01 million to plant and equipment. The Initial Portfolio is being acquired for cash and by the issue of $11.61 million of equity;
   b. Expenses of $0.97 million incurred in connection with stamp duty payable on the acquisition of the Initial Portfolio will be recognised in retained earnings;
   c. As part of the acquisition settlement mechanisms a proportion of any existing employee leave liabilities will be deducted from the purchase price. The Vendor Financial Information has been used to calculate an indicative value of $1. 42 million (and associated deferred tax asset of $0.43 million). An exact figure will not be known until after settlement. The Vendor Financial Information has not allowed a split between current and non - current employee entitlements to be calculated.
   d. Since October 2013, NVC has raised funds to finance the payment of operating expenditure. Total funds raised were $0.66 million and upon Listing this amount will be repaid via the issue of equity. Retained earnings reflect the operating costs forecast to be incurred between incorporation and Listing.

4.12 Vendor Deferred Consideration

As set out in Section 9, the vendors will receive cash or a combination of cash and Shares as consideration for their respective businesses. 22 of the Clinics have Deferred Consideration (ranging between 15% and 20% of total consideration) for the balance of the consideration for a period of 24 months from the date of completion. This Deferred Consideration includes deferred cash of $1.3 million and deferred Shares of $5.0 million. The deferred Shares are issued on settlement but held in voluntary escrow until certain performance hurdles are achieved. These Shares are disclosed and accounted for in the Shares to be issued under this document.

Although the Deferred Consideration payments are non-interest bearing, Accounting Standard AASB 3 requires that the liabilities relating to deferred payments be discounted to present value. The discount rate applied is consistent with the Company's assumed cost of debt. The difference between the fair value of the liability and the actual deferred amount payable to the Vendors is expensed in the income statement over the relevant period.

The Company anticipates funding the deferred cash payments from cash reserves and/or debt. It is important to note that payment of this Deferred Consideration is dependent on the future performance of the Company and/or the ability of the Company to raise additional debt.

4.13 Description of Finance Facilities

NVC has been provided with credit approved indicative terms from Australia and New Zealand Banking Group Limited (ANZ) pursuant to which ANZ may, subject to satisfaction of certain conditions (including the finalisation of facility agreements), agree to provide the Finance Facilities.

The provision of the Finance Facilities is subject to (amongst other things) due diligence (the results of which are satisfactory to ANZ), credit committee approval and documentation satisfactory to ANZ. The facilities agreement under which the Finance Facilities will be made available will contain conditions precedent customary for facilities of this nature in relation to NVC and each of its Subsidiaries, including confirmation that NVC raises a minimum of $27 million under the Offer.

The Term Sheet comprises Term Loan and Working Capital Facilities.

New Finance Facilities

	Facility commitment	Pro forma drawdown
Term Loan Facility	$27.0 million	$19.6 million
Working Capital Facility	$2.75 million	–
Total new Finance Facilities	**$29.75 million**	**$19.6 million**

Note: Pro forma draw down from Finance Facilities on Listing.

Key terms of the Finance Facilities

The key terms of the Finance Facilities are set out below.

Topic	Summary
Purpose	The Finance Facilities are to be applied towards meeting the costs of acquiring the Initial Portfolio and acquiring additional Clinics.
Lending Ratio	The Finance Facilities can only be used to fund the acquisition of additional Clinics if the following conditions are met: • the total purchase price of the additional business and all costs associated with that acquisitions is less than $3 million, and the purchase price does not exceed an amount equal to 4.5 times EBIT of that additional business as confirmed by ANZ based on the most recent tax return of that additional business; or • the total purchase price of the additional business and all costs associated with that acquisition is equal or greater than $3 million, and the purchase price does not exceed an amount equal to 4.5 times EBIT of that additional business (based on confirmation from an investigative accountant acceptable to ANZ); or • if the purchase price of an additional business exceeds an amount equal to 4.5 times EBIT of that additional business, the Finance Facilities may only be used to fund an amount equal to 4.5 times EBIT (based on confirmation from an investigative accountant acceptable to ANZ) with proceeds from equity investments to fund the remaining purchase price. In this situation, NVC anticipates utilising the Finance Facilities to fund the value of an acquisition up to 4.5 times EBIT, with the balance purchase consideration funded by equity.

Topic	Summary
Availability period	The Finance Facilities will be available from the date of signing the facilities agreement under which the Finance Facilities will be made available, to the date which is one month prior to termination date. The Finance Facilities will terminate on the date that is three years after the date that the facilities agreement is signed.
Termination date	The Term Loan Facility and the Working Capital Facility are subject to review by ANZ on an annual basis, following which, ANZ may, in its discretion, cancel the Finance Facilities provided and require repayment of all outstanding amounts.
Fees and charges	NVC is required to pay: • an upfront fee of $81,000 on the date that the indicative term sheet is accepted; and • line fee of 0.88% per annum in respect of the Term Loan Facility, 0.60% per annum in respect of the bank guarantee sub-facility and 1.00% per annum in respect of the overdraft sub-facility.
Interest on loans	Interest is payable on the last day of each interest period, which is a period to be agreed between NVC and ANZ. The interest payable is the aggregate of the margin and the bank bill swap rate. The margin is 1.32% per annum for the Term Loan Facility, 0.90% per annum for the bank guarantee sub-facility and 1.50% per annum for the overdraft sub-facility. Default interest is 2.00% per annum over the applicable interest rate.
Prepayment and cancellation	The facilities agreement under which the Finance Facilities will be made available, will contain prepayment and cancellation provisions customary for facilities of this nature.
Representations	NVC and its subsidiaries will make representations customary for facilities of this nature. The obligations of ANZ will be subject to those representations remaining true and accurate as at the date of each utilization request and the first day of each interest period.
Review Event	The facilities agreement under which the Finance Facilities will be made available will contain review events customary for facilities of this nature in relation to NVC and each of its subsidiaries, including (without limitation): • delisting of shares or suspension of trading of shares (voluntary or involuntary) for a period of five days or more (or more than 10 days in aggregate in any financial year); • nationalisation of all or a material part of the business or any asset of NVC or its subsidiaries; • capital expenditure exceeds the budgeted capital expenditure in the annual budget by 15% or more; and • the value of any goodwill of NVC or its subsidiaries is impaired by 10%.
Events of default	The facilities agreement under which the Finance Facilities will be made available will contain events of default customary for facilities of this nature.
Security	The Finance Facilities will be secured by general security agreements in relation to the current and future assets of NVC and each subsidiary, share security over NVC's shareholding in each intermediate holding company and subordination of intercompany and shareholder debt.

Term Loan Facility

The proposed Term Loan Facility is to assist with the acquisition of veterinary Clinics.

The Term Loan Facility is proposed on a three year tenor, with repayment in full at the end of the facility term.

Working Capital Facility

The Revolving Working Capital Facility will comprise:

- $2 million bank guarantee sub-facility; and
- $750,000 overdraft sub-facility.

The Revolving Working Capital Facility is repayable as follows:

- bank guarantee sub-facility – on demand following any payment by ANZ under any letter of credit or bank guarantee issued under the Term Loan Facility;
- overdraft sub-facility – in accordance with ANZ's standard terms and conditions.

The Working Capital Facility is annually renewable.

Financial Undertakings

The facilities agreement under which the Finance Facilities will be made available will contain information undertakings customary for facilities of this nature. In addition, the facilities agreement will contain general undertakings customary for facilities of this nature in relation to NVC and each subsidiary. The general undertakings will include:

- negative pledge; and
- limits on additional financial indebtedness (subject to a $1 million permitted basket) and prohibition on distributions while a default is continuing or if a default may be expected to result from such distribution.

The undertakings include financial covenants which NVC is required to maintain at all times (in each case on a consolidated group basis). The financial covenants are:

- Leverage ratio – (Debt : EBITDA) must not be greater than 2.50:1;
- Fixed Charge Cover Ratio – (EBITDA + rent expense) / (Interest + rent expense) shall be greater than 1.75:1; and
- Debt to Equity – Debt/(Debt + Book Value of Equity) shall be no greater than 0.50:1.

The financial covenants will be tested quarterly on a rolling 12 month basis (using the most recent financial statements).

4.14 Liquidity and capital resources

Following completion of the Offer, NVC's principal sources of funds will be cash flow from operations and from the new Finance Facilities.

NVC expects that it will have sufficient cash flow from operations to meet its operational requirements during the Forecast Period. NVC expects that its operating cash flows, together with borrowings under the Finance Facilities, will position NVC to grow its business through future acquisitions.

4.15 Dividend policy and forecast distribution

Payment of dividends by the Company will depend upon the availability of distributable earnings, the Company's franking credit position, operating results, available cash flows, financial condition, taxation position, future capital requirements, general business and financial conditions, and other factors the Directors consider relevant. The Company and the Board give no assurance about the payment of dividends, the extent of payout ratios or the future level of franking credits.

NVC's dividend policy is to pay annual dividends of up to 50% of NPAT. In determining whether to declare future dividends, the Directors will have regard to NVC's earnings, overall financial condition and requirements, the outlook for the veterinary services industry, the taxation position of NVC and future capital requirements.

Dividends, if any, will be paid as an interim dividend prior to 28 February each year and as a final dividend prior to 30 September each year. No interim or final dividend has been forecast for FY16. Any future interim dividend will be determined after taking into consideration all relevant matters including half year and forecast trading results. Any future final dividend will be determined after taking into account the final trading results for the year, the interim dividend and other considerations. No assurance or guarantee can be given about the future dividend policy, the extent of future dividends or the timing or franking of any dividend.

NVC expects to introduce a dividend reinvestment plan post Listing. This will allow the Company to balance Shareholders' needs for dividends and the Company's needs for cash to grow via the acquisition of further Clinics.

Interim and final dividends are not expected to be declared in respect of FY16 as franking credits will not be available and cash will be used to fund expected future acquisitions.

4.16 Significant accounting policies

The preparation of financial information requires the application of accounting policies. The selection of accounting policies requires judgement and the application of policies requires estimates and assumptions to be applied. Actual results may differ to those derived from the application of accounting policies where actual outcomes vary to assumptions and estimates made.

Revenue recognition and receivables

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue from the sale of goods is recognized when NVC has transferred to the buyer the significant risk and rewards of ownership of the goods.

Rendering of services

Revenue from the provision of services is recognized by reference to when the services have been provided.

Interest Revenue

Interest revenue is recognised on a proportional basis taking into account interest rate applicable to the financial asset.

Basis for Consolidation

The aggregated financial statements incorporate the consolidated financial information of the group. Consistent accounting policies are employed by each company in the presentation and preparation of their consolidated financial information.

All inter-company balances and transactions between entities in NVC, including any unrealised profits or losses, have been eliminated on aggregation.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred to NVC, liabilities incurred by NVC transferred from the former owners and the equity instruments issued by NVC in exchange for control of the acquiree. Acquisition costs are recognised in the profit and loss as incurred.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of the consideration transferred over the acquisition date fair value of net identifiable assets acquired.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that there might be an impairment.

Trade and other receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Taxation

Income tax expense or benefit represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Trade and other payables

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter year to the net carrying amount on initial recognition.

Bank Loans

Bank loans are initially recognised at the fair value of the consideration received, net of transaction costs. Borrowings are subsequently measured at amortised cost. Interest is recognised as an expense using the effective interest method.

Property Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and accumulated impairment losses.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their useful lives to NVC. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual accounting year, with the effect of any changes recognized on a prospective basis.

The ranges of depreciation rates used for each class of depreciable assets are:

Class of property, plant and equipment	Depreciation Rate
Medical plant and equipment	15 to 30%
Leasehold improvements	5 to 15%
General plant and equipment	7 to 20%
Computer Equipment	10 to 30%
Motor vehicles	20%

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight line basis over the period of the lease.

Employee expenses

Provision is made for employee expenses accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably at the end of the reporting period. Employee expenses that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee expenses payable later than one year have been measured at the present value of the estimated future cash outflows.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognized as part of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of the GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

5

Risk Factors

5.1 Factors influencing success and risk

This section identifies the areas believed by the Board to be the major risks associated with an investment in National Veterinary Care Ltd.

The NVC business is subject to risk factors, both specific to its business activities, and of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements will eventuate. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's operating performance and profits, and the market price of the Shares.

Before deciding to invest in the Company, prospective investors should:

- read the entire Prospectus;
- consider the financial information and the risk factors that could affect the financial performance of the Company;
- review these factors in light of their personal circumstances; and
- seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

5.2 Risks specific to an investment in NVC

a. Completion of Initial Portfolio

If any of the Clinics within the Initial Portfolio do not complete, the composition of the Initial Portfolio will change. It is anticipated that the Initial Portfolio will complete between 1 August 2015 and 1 September 2015. However, there is no guarantee that this will occur.

Quotation of the Shares on the ASX will be conditional upon NVC completing the acquisition of at least half of the Initial Portfolio by value after the close of the Offer and prior to Listing.

Further, it is possible that, due to circumstances beyond the control of NVC, one or more of the Clinics within the Initial Portfolio are ultimately not completed, or completion may be delayed. It is also possible that the transfer or assignment of leases or other agreements required by NVC to operate its business does not occur or is delayed. This could materially impact on the Company's future earnings.

b. Integration

In order to implement its proposed business model and achieve its FY16 forecast, it is critical that NVC successfully integrate the Initial Portfolio. There is a risk that the process of integration may take longer or be more expensive than anticipated. The performance of the Clinics may be adversely affected by any changes such as an increase in overheads, or reduction in visits by existing clients who do not view the acquisition of the Clinics by NVC favorably.

Successful integration of the Initial Portfolio depends on Management's ability to implement its integration plan including finance, technology, payroll, human resources systems and policies. Achieving the FY16 forecast requires appropriate management discipline in controlling expenses and forecasting of revenue. Management's inability to manage costs, impacts of an unpredicted decline in revenues without a corresponding and timely reduction in expenses could have an adverse effect on the Company's operating results.

c. Veterinary Services Expenditure

If general economic conditions deteriorate, client expenditure on their pets may reduce. This may have a material impact on NVC's revenue and profitability.

In addition, a decline in the level of pet ownership in Australia may reduce the addressable market and have an adverse effect on NVC's future financial performance.

d. Key Personnel

The successful execution of NVC's business model depends on a management team with the necessary talent and experience to integrate and manage veterinary clinics. NVC also depends on the ability to identify and retain experienced directors who, with the assistance of NVC's management team develop Company strategy.

The loss of key personnel, in particular Tomas Steenackers and Katherine Baker could cause material disruption to the performance of NVC in the short to medium term.

While the employment arrangements for key personnel are designed to align the interests of management with the Company, there is no guarantee that these individuals will remain with NVC in the long term.

e. Retention of Lead Veterinarians

The retention of the lead veterinarians within the Initial Portfolio is important to the ongoing operation of those Clinics. If these lead veterinarians were to leave, there is a risk that some clients served by those veterinarians would no longer visit those Clinics, which would have an adverse impact on the revenue of those Clinics, and ultimately NVC.

NVC has entered into employment agreements with the lead veterinarians identified at each of the Clinics within the Initial Portfolio. In addition, restraint of trade provisions operate to restrict lead veterinarians who no longer work for NVC in terms of where they may undertake work in the future.

In addition, although the terms of the contractual arrangements relating to the Initial Portfolio impose restraints on lead veterinarians from competing with NVC, the enforceability of these restraints has not been tested in court and is therefore uncertain. To the extent that these restraints are unenforceable, the Company may face competition from the lead veterinarians of the Initial Portfolio.

f. Human Resources

Following completion of the Initial Portfolio, NVC will integrate the human resource function across each of the Clinics. The direction and management of human resource functions will be the responsibility of the NVC support office.

Personnel issues may arise at a Clinic level in various geographic locations. These may include performance management, breaches of Company policy, employee conduct and disputes. There is a risk that if these issues are not effectively managed, then the business and profitability of those Clinics will be adversely affected.

Veterinarians tend to prefer to work at clinics which have high quality facilities, equipment, staff, offer career progression and training, and which are conveniently located, amongst other factors. In the event that NVC clinics become less attractive to veterinarians and new graduates, due to aging of facilities, obsolescence of equipment, reduction in the number and quality of staff, there is a risk that veterinarians will be less inclined to work at NVC clinics. This in turn will adversely impact NVC's operational and financial performance.

g. Impairment of intangible assets

As a result of the Completion of the Initial Portfolio, NVC will recognise a material value of intangible assets on its balance sheet principally relating to goodwill. This is due to there being only a small number of tangible assets and liabilities being acquired in each acquisition, as a percentage of the total acquisition price. Further no separately identifiable intangible assets have been identified that could be separated out from goodwill. Goodwill arises from a combination of clinic location, reputation of veterinary personnel and length of tenure in the current location.

Goodwill is subject to impairment testing on at least an annual basis under Australian Accounting Standards. Impairment of goodwill is determined by either comparing the value of the goodwill to its fair value less costs to sell, or its value in use.

Value in use is determined by estimating the future cash flows derived from operating the asset and discounting these to their present value.

Where impairment of goodwill is identified, the value of the goodwill is reduced by amount of the impairment identified. Once impaired, goodwill is unable to be written back in future periods if trading conditions and results improve. If impaired, NVC would need to write down the value of the intangible assets, which could have a material adverse impact on NVC's earnings and financial position.

NVC intends to mitigate the occurrence of this risk through:

- Maintaining the tenure of the existing locations through the entering into long term leasing arrangements;
- Maintaining local community branding;
- Retaining lead veterinarians;
- Continuing to closely monitor operating results to ensure performance targets are achieved;
- Introduction of Wellness Programs at all Clinics to drive retention and bonding of existing clients, thereby driving revenue growth; and
- Utilising a centralised support office function to allow veterinarians and front line staff to focus on service delivery.

h. Availability of funding

NVC's acquisition strategy is intended to be financed by a combination of debt and equity funding. NVC's ability to pursue its growth strategy beyond the Initial Portfolio may be constrained by limited access to further debt and equity funding. The ability of NVC to raise further debt and equity funding on similar terms to those in place for future refinancing and acquisitions depends on a number of factors including general economic, political, capital and credit market conditions.

i. Finance facility documentation risk

The Finance Facilities outlined in this Prospectus are reflected in credit approved term sheets, rather than being agreed to by the Company and fully documented. Any failure to reach final agreement in respect of definitive documentation, or the entry into alternative terms less favourable to the Company, could have a material adverse impact on the Company. Furthermore, there is a risk that the negotiation of the debt facilities will result in a variation to terms outlined in this Prospectus.

j. Future acquisitions

NVC intends to pursue growth by acquisition as part of its business model. Central to this aspect of the business model is the identification and completion of future acquisitions. The Company may not be successful in identifying, evaluating and finalising acquisitions on acceptable terms.

There is a risk that there will be increased competition for acquisitions from existing and new corporate entities resulting in higher price expectations in the future and lower returns on future capital employed. It may also affect NVC's ability to attain its acquisition targets.

k. Industry competition

NVC will operate in a competitive environment. In order to be able to compete effectively, NVC must meet each of these competitive challenges from existing market participants and respond effectively to any changes in the competitive environment. Challenges could arise from reduction in competitor pricing for services, entry of new clinics in close proximity to NVC Clinics and competition for veterinarians.

Any increase in competition could have a material adverse impact on NVC's operational and financial performance.

l. Due diligence

NVC's Management team has performed pre-acquisition due diligence on each of the Clinics to be acquired as part of the Initial Portfolio. There is a risk that these enquiries did not identify issues which would be material to a decision whether or not to acquire the Clinics, and which would have a material adverse impact on the future operations of the business.

Further, there is a risk that the historical financial and operating information provided by the vendors of the Clinics, was not completely verifiable, may not be reliable and may materially impact on the future earnings of NVC.

As is usual in the conduct of acquisitions, the due diligence process undertaken by the Company identified a number of risks associated with the Clinics to be acquired as part of the Initial Portfolio, which the Company had to evaluate and manage. The mechanisms used by NVC to manage these risks included, in certain circumstances, the acceptance of the risk as tolerable on commercial grounds, such as materiality. There is a risk that the approach taken by the Company may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated, and hence they may have a material adverse impact on the Company's earnings and financial position.

This risk will apply to any future acquisitions undertaken by the Company as part of its growth strategy.

m. Forecast Financial Information

The Forecast Financial Information represents NVC's best estimate of anticipated financial results based on the information available at the date of issue of this Prospectus. However, investors should appreciate that forecasts by their very nature are subject to uncertainties with may be outside of NVC's control or may not be capable of being foreseen or accurately predicted. As such, actual results may differ from the Forecast Financial Information and such differences may be material.

n. Limited operating history

The Company was incorporated on 9 October 2013, and therefore does not have a financial and operating history as a group. There is a risk that NVC does not achieve its operational objectives or financial forecasts. NVC's ability to achieve its objectives depends on the ability of directors and management to implement the proposed business plans and to respond in a timely and appropriate manner to any unforeseen circumstances.

o. Operational risk and control

There is a risk that inadequate operational processes, personnel and systems may result in loss or damage to NVC's business. The Company is exposed to operational risks including fraud, systems failure, or failure of electronic or physical security systems. This could have a material adverse impact on the Company's financial performance.

p. Product sourcing

NVC's products are sourced from a network of third parties. Loss or interruption to this supply may result in increased product sourcing costs. Increased cost of products may impact NVC profit margins.

q. Information technology

NVC will implement information technology systems across all of its Clinics, which are hosted by a third party provider. The information technology helpdesk for the various software applications used within the Clinics is outsourced.

There is a risk that these systems and applications could be interrupted or damaged by telecommunications disruptions, internet hackers and terrorist attacks, unauthorised users, computer viruses, malicious codes and cyber-attacks.

A disruption to information technology systems operated within the Clinics could adversely affect the operations of the Clinics, and therefore have an adverse impact on the operating results of NVC.

In addition, NVC must integrate each wronousof the Clinics within the Initial Portfolio within the centralised system following settlement. Any delays or obstacles with this implementation could adversely impact on the operations of the Company and its profitability.

r. Privacy breach

The protection of client, patient and employee data is important. Unauthorised disclosure of client or employee data could damage client relations and have a negative impact on NVC's reputation or expose it to litigation.

s. Availability of funding

NVC's acquisition strategy is intended to be financed through a combination of debt and equity funding. There is a risk that the Company may not be able to access funding on acceptable terms.

NVC has received indicative terms for Finance Facilities from ANZ as described in Section 4.13. There is a risk that the facility agreements will contain additional obligations which are onerous, or that the bank will not renew such agreements for a future period or periods.

t. Shareholder dilution

NVC's business model includes pursuing acquisitions. Shareholders' current interests may be diluted if NVC issues Shares as consideration for acquisitions, or funds acquisitions through raising equity capital by placing Shares with new investors.

u. Reputation

Having a reputation as being a provider of veterinary services with high standards of care is important in maintaining and expanding client relationships. Any factors which damage the brand and reputation of NVC or its Clinics may have an adverse impact on the financial performance of the Company.

v. Lease arrangements

The Company's Clinics will be operated at leased premises. Each lease or proposed lease requires NVC to comply with various obligations including the payment of rent and outgoings. In the event of default by NVC, the landlord may terminate the lease if the default is not remedied. Termination could have an adverse impact on the Company's financial performance.

Increases in rent or associated costs under the leases which are not foreseen may also affect the Company's financial performance.

w. Insurance

NVC intends to maintain appropriate insurance policies for its business, having regard to the nature of its operations, degree of liability, cost of premiums and the likelihood of damage arising.

There is a risk that insurance may not be available to cover all of the risks, or that if it is available, the terms upon which it is offered are not acceptable to NVC, or do not extend to fully indemnify NVC in relation to all possible occurrences.

In addition, it is possible that, in the event that an event occurs, the insurance cover may not sufficiently cover all of the damage and loss.

x. Material litigation

NVC has undertaken an extensive due diligence on the vendors and the Clinics that it is acquiring as part of the Initial Portfolio. Nothing has come to the attention of the Board of NVC that would indicate that any of the Clinics are currently involved in material litigation.

However, it is possible that, from time to time, litigation may involve NVC. NVC will implement systems and procedures in order to ensure that any potential claims are addressed at an early stage.

5.3 General investment risks

a. Share market investments

Prior to the Offer, there has been no public market for the Shares. It is important to recognise that, once the Shares are quoted on ASX, their price might rise or fall and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will develop for the Shares.

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Such fluctuations might adversely affect the price of the Shares.

b. General economic conditions

The Company's operating and financial performance may be influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

c. Accounting Standards

Australian accounting standards are set by the Australian Accounting Standards Board (**AASB**) and are outside the Directors' and the Company's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.

d. Taxation risks

A change to the current taxation regime in Australia or overseas may affect the Company and its Shareholders. Personal tax liabilities are the responsibility of each individual investor. The Company is not responsible either for taxation or penalties incurred by investors.

e. Share market risks

Once the Shares are quoted on ASX, there is no guarantee that an active trading market for Shares will develop, or that the share price will increase. There may be volatility in the market price of Shares. This may result in the Share price decreasing to a price which is less than the issue price of Shares under the Prospectus.

f. Taxation changes

There is a risk that further changes to taxation laws and the way in which they are interpreted could have an impact on the financial performance of NVC.

In addition, an investment in Shares involves tax considerations which may differ according to the status and condition of each shareholder. Each prospective shareholder is encouraged to seek professional tax advice in connection with any investment in Spotless.

g. Australian Accounting Standards

There is a risk that the interpretation of existing Australian accounting standards may change, including those standards relating to the measurement and recognition of profit and loss in balance sheet terms.

Further, new or refined Australian accounting standards may be introduced from time to time, which may affect the profit and loss and balance sheet items, including revenue and receivables of the Company.

6

Key People, Interests and Benefits

6.1 Board of Directors

Board member	Description
 **Ms Susan Forrester** BA LLB(Hons) EMBA FAICD (Chair)	Susan is a professional, commercially focused company chair and director with 25 years experience in law, business and governance. She holds Bachelors of Arts and of Laws (with honours) from the University of Queensland and graduated with an Executive MBA from the Melbourne Business School. She is a Fellow of the Australian Institute of Company Directors. Susan chairs the Boards of NVC, Propell National Valuers and the Oncore Group. She serves as a non-executive Director of G8 Education Ltd, Healthdirect Australia and UnitingCare Qld. Outside her Board portfolio, Susan leads the strategy practice of Board Matters, a specialist governance consultancy.
 **Mr Wesley Coote** BCom CA ACIS (Non-Executive Director)	Wesley is the Managing Director of Evolve Salons Limited, a publicly unlisted company consolidating the hair and beauty sector. He is the former Chief Financial Officer and Company Secretary of Greencross Ltd. Wesley played an integral role in growing the company from a market capitalisation of circa $30 million to over $750 million. Prior to this, Wesley worked as a chartered accountant, providing business advice in the health sector, property sector and financial services industry. He holds a Bachelor of Commerce from the University of Queensland and is a member of the Institute of Chartered Accountants, as well as a member of the Governance Institute of Australia.
 **Dr Stephen Coles** BVSc MACVSc Dip AVDC (Non-Executive Director)	With almost 40 years experience in the veterinary sector, Stephen is highly respected in the industry as a General Practitioner and Specialist. He is a Senior Fellow of the University of Melbourne and a Scientific Associate of the Zoological Board of Victoria. He is a Life Member of the Australian Veterinary Dental Society and a Member of the Regional Recovery Group Southern Brown Bandicoots Western Biosphere Reserve. His past roles include Co-founder and Director of Animal Hospitals of Australia, Director Melbourne Veterinary Specialist Centre and Preceptor University of Alabama. More recently he served as Executive Director and Operations and Acquisitions Manager Specialty and Emergency at Greencross Ltd.
 **Mr Tomas Steenackers** BBus MBA (Managing Director and Chief Executive Officer)	Tomas has a breadth of experience in pharmaceutical, retail and pathology sectors, having worked for international and multinational organisations over the past fifteen years. This included senior management roles with Mayne Pharma, Hospira, Covidien and Terry White Management. Tomas was previously the General Manager of Specialty, Emergency and Pathology at Greencross Ltd, responsible for managing all business-to-business units. His key responsibilities included: logistics, production, operations, strategic planning, change management, distribution, customer service, mergers and acquisitions. Tomas received his MBA in 2009, majoring in marketing.

6.2 Management

Team member	Description
 **Mr Tomas Steenackers** BBus MBA (Managing Director and Chief Executive Officer)	Tomas' profile is set out in Section 6.1 above.
 **Ms Katherine Baker** BBus CA (Chief Financial Officer and Company Secretary)	Katherine is an experienced Chartered Accountant and has provided tax advice and business solutions to SMEs. Prior to NVC, Katherine acted as the Financial Controller of Greencross Ltd for five years. During her time at the company, Katherine was responsible for all facets of financial strategy, planning, management and accounting. Katherine played an integral role in growing the company and setting up the financial infrastructure to support the growth from 50 business units to 117 veterinary business units. She holds a Bachelor of Commerce from Queensland University of Technology and is a member of the Institute of Chartered Accountants.
 **Mr Robert Skoda** BSc MBA (Queensland and NSW Operations Manager)	Robert has experience in both the private and public sector in dynamic and difficult environments. He is a professional project manager with a broad range of experience in stakeholder management of technical and non-technical inputs. Prior to NVC, Robert held the position of Group Area Manager for Greencross Ltd, which followed a project management and operations career with the Royal Australian Air Force.
 **Mr Darryl Cox** BA LLB (Victoria, South Australia and Tasmania Operations Manager)	Darryl is an accomplished professional with over 20 years' experience in achieving quality outcomes in a range of operating environments. Darryl has successfully managed operations of a law firm at the State level, undergoing complex strategic change and re-branding, and demonstrated leadership in successfully mentoring, training, coaching and guiding employees. Darryl will join NVC upon Completion of the Initial Portfolio. Formerly, Darryl was Operations Manager for Animal Hospitals Australia and Practice Group Leader for Slater & Gordon Lawyers.

6.3 Veterinary Advisory Committee

Committee member	Description
 **Dr Charles Foster** BVSc(Hons) (Chairman Veterinary Advisory Committee)	Charles is a veterinarian with 30 years of experience. He is a Senior Fellow of the University of Melbourne, Chairman of the University of Melbourne Veterinary Clinical Hospital Board and has lectured at Massey University and University of Melbourne Veterinary Schools. He was previously the general manager of Animal Hospitals of Australia, which was one of the largest independent veterinary groups in Australia. Charles started his career in veterinary clinical practice. Subsequently he worked for MSD Agvet and Uncle Bens of Australia (Mars Petcare) in various roles including technical services, product marketing and sales. These roles provided broad experience in the pharmaceutical and pet food industries as well as wide engagement with veterinary practices and pet related businesses in Australia. Charles will join NVC upon Completion of the Initial Portfolio.
 **Dr Stephen Coles** BVSc MACVSc Dip AVDC (Non-Executive Director)	Stephen's profile is set out in Section 6.1 above.

6.4 Corporate Governance

The Board is responsible for the overall corporate governance of NVC, and is committed to high standards of corporate governance practice ensuring that the Company complies with the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws and regulations.

The Board has considered the ASX Corporate Governance Council's Principles and Recommendation (3rd Edition), an appropriate benchmark for the Company's corporate governance. The ASX recommendations are not prescriptive, but operate as guidelines.

Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for adoption of its own practice, in compliance with the 'if not, why not' regime.

Board Charter

The Charter of the Board governs the operations of the Board, setting out the Board's size, composition and term, director independence, the role and requirements of the Chair, the division of responsibilities between the Board and Management, the process for dealing with conflicts of interest and the director's access to information and advice.

The Board is to comprise a majority of independent, non-executive directors.

A director will be considered independent from the Company if he or she has no business or other relationship which could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of the relevant director's judgement.

The factors which the Board will consider in determining whether a director is independent are set out in the Company's Corporate Governance Statement. This statement provides that to be independent, a director must be a non-executive director and:

- not be a substantial shareholder of the Company;
- within the last 3 years, not have been employed in an executive capacity by the Company;
- within the last 3 years, not have been a principal of a material, professional advisor or consultant to the Company;
- not be a material supplier or customer of the Company;
- not have a material contractual relationship with the Company;
- be free from any interest in any business or other relationship which could materially interfere with the director's ability to act in the best interests of the Company; and
- must not have any close family ties with any persons who fall within any of the categories above.

Materiality for these purposes is determined on both a quantitative and qualitative basis. An amount of over 5% of annual turnover of the Company or Group, or 5% of the individual director's net worth is considered material for these purposes.

Having regard to the factors above, Susan Forrester, Stephen Coles and Wesley Coote are considered by the Board to be independent directors.

Board of Directors

The Board's roles and responsibility include, but are not limited to:

- providing a strategic guidance to the group;
- reviewing and approving business plans, budget and financial plans and major capital expenditure initiatives, and other corporate projects including acquisitions and divestments;
- overseeing and monitoring organisational performance and compliance with the Company's corporate governance policy;
- monitoring financial performance;
- the appointment and if necessary removal of key executives;
- overseeing the operation of the Company's system for compliance and risk management reporting to shareholders;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- other associated roles.

The Board is also responsible for the corporate governance of the Company. The goals of the corporate governance process are to:

- maintain and increase shareholder values;
- ensure a prudential and ethical basis for the group's conduct and activities; and
- ensure compliance with the group's legal and regulatory objectives.

Matters which are specifically reserved for the Board include:

- appointment and removal of the Chair;
- ratifying the appointment or removal, and contributing to the performance assessment of the members of the senior executive team including the managing director, CFO and company secretary;
- establishment of various Board committees, governing charter and Chair;
- a dividend policy and the nature and timing of dividends to be paid;
- the half year and annual financial statements and the content of the annual report;
- the Company's corporate strategy and direction;
- calling of meetings of members;
- the Company's delegation of authority; and
- adherence to the ASX Corporate Governance Council's corporate governance principals and recommendations.

The day-to-day management of the group's affairs and implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director/CEO. The Managing Director/CEO is responsible for the day-to-day operations, financial performance and administration of the Company within the powers authorised to him from time to time.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

Composition of the Board

The election of Board members is subject primarily to the wishes of Shareholders in general meeting. However, subject to that consideration, the Company is committed to the following principles:

a. the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Group and its business; and

b. the principal criterion for the appointment of new Directors is their ability to add value to the Group and its business.

A Remuneration and Nomination Committee has been established, and procedures have been adopted for the identification, appointment and review of the Board membership.

Independent professional advice

Subject to the Chair's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision making process.

The total maximum remuneration of non-executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Group of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors who are called upon to perform extra services or make special exertions on behalf of the Company.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

Shareholding qualifications

Directors are not required under the Constitution to hold any Shares.

External audit

The Company in general meeting is responsible for the appointment of the external auditors of the Group, and the Board from time to time will review the scope, performance and fees of those external auditors.

Identification and management of risk

The identification and proper management of the Company's risks are an important priority of the Board.

The Board's collective experience will enable accurate identification of the principal risks that may affect the Group's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

To assist the Board in discharging these obligations, the Board has delegated certain functions to the Audit and Risk Management Committee.

Audit and Risk Management Committee

The Company has adopted an Audit and Risk Management Committee Charter, which sets out the Audit and Risk Management Committee's purpose, composition, scope and responsibilities, powers, procedures for the selection of auditors, audit planning and rules regarding its proceedings.

The Audit and Risk Management Committee's role is to:

- establish and maintain a framework of internal controls for the Group's management;
- assist with policy on the quality and reliability of financial information prepared for use by the Board;
- review the Company's risk management framework and policies and monitor their implementation; and
- recommend the appointment of the external auditor, liaise with the external auditor and review external audit reports.

Under its Charter, the Committee will be of sufficient size, independence and technical expertise to discharge its role and in any event it must have at least three members.

The responsibilities of the Audit and Risk Management Committee include:

- establishing an appropriate internal control framework, including information systems, and its operation and considering enhancements;
- assessing corporate risk and compliance with internal controls;
- overseeing business continuity planning and risk mitigation arrangements;
- assessing the objectivity and performance of the internal audit function and considering enhancements;
- reviewing reports on the adequacy of insurance coverage;
- reviewing the Company's risk management framework at least once annually to satisfy the Audit and Risk Management Committee that it continues to be sound and that the Company is operating within the risk appetite set by the Board;
- reviewing material transactions which are not a normal part of the Group's business;
- reviewing the nomination, performance and independence of the external auditors, including recommendations for the appointment or removal of any external auditor;
- reviewing management processes supporting external reporting;
- reviewing financial statements and other financial information distributed externally;
- reviewing external audit reports and monitoring where major deficiencies or breakdowns in controls or procedures have been identified or remedial action has been taken by management; and
- making recommendations to the Board in relation to the above issues.

Diversity policy

The Company values a strong and diverse workforce, and is committed to developing measurable objectives of diversity and inclusion in the workplace.

The Board has adopted a Diversity Policy, the purpose of which is to outline the Company's commitment to fostering a corporate culture that embraces 'Diversity' with a particular focus on the composition of its Board and senior management.

Diversity includes, but is not limited to, diversity in respect of gender, age, ethnicity, disability, marital or family status, religious or cultural background, sexual orientation and gender identity.

In order to foster a corporate environment where employee and Board Diversity are achievable and maintainable, the Company will implement the following Diversity commitments:

- the Board will review and determine, as frequently as required, a Diversity profile that meets the particular needs of the Company, including identifying the skill, experience and expertise requirements set for the Board and senior management necessary to effectively oversee its business and achieve its corporate goals;
- through the Nomination Committee, the Board will seek to ensure that the Diversity profile is a factor that is taken into account in the selection and appointment of qualified employees, senior management and Board candidates and will consider options in order to expand the pool of qualified candidates to select from, including through the use of a professional intermediary to assess candidates to promote appointments in accordance with the Diversity profile, and as deemed appropriate; and
- the Board will seek to identify and consider programs and initiatives that assist in the development of a broader pool of skilled and experienced Board candidates, with enhancing employee retention, with minimizing career disruption when employees take time out of the workplace, and, where reasonable, facilitate employees to access such programs or initiatives.

While the key focus of this Policy and the ASX recommendations is on promoting the role of women within organisations, the Company recognises that other forms of Diversity are also important and will seek to promote and facilitate a range of Diversity initiatives throughout the Company beyond simply gender Diversity.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Securities Trading Policy

The Company aims to achieve the highest possible standards of corporate conduct and governance. The Company has adopted a Securities Trading Policy, pursuant to which an executive or Director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities. The purpose of the Policy is to:

- alert the Company's officers to the illegality of insider trading and tipping of non-public, price-sensitive information;
- establish guidelines in relation to dealings in the Company's shares; and
- protect the Company and its reputation in the marketplace.

Before an officer commences to trade in the Company's securities, he/she should consider carefully whether they are in possession of any inside information that might preclude them from trading at that time and, if they have any doubt on that score, the officer should not trade.

An officer seeking approval to trade in the Company's securities must certify that they are not in possession of any inside information that might preclude them from trading at that time. If an officer comes into possession of inside information after receiving an approval to trade, that officer must not trade despite having received the clearance.

Before commencing to trade in the Company's shares, a senior executive and Director must first obtain the approval of the Chair. If the Chair is proposing to commence a trade, the Chair must first obtain the approval of the chair of the Company's Audit and Risk Management Committee. Only in exceptional circumstances will approval be forthcoming inside of the period commencing on the tenth day of the month in which the Company is required to release its Quarterly Activities Report and Quarterly Cashflow Report and ending two days following the date of that release.

Continuous Disclosure and Shareholder Communication Policy

The Board has adopted a Continuous Disclosure and Shareholder Communication Policy, the purpose of which is to ensure that the Company complies with its continuous disclosure obligations under the Corporations Act and Listing Rules. This Policy outlines the processes to be followed by the Company to ensure that:

- information that may be market sensitive and may require disclosure is brought to the attention of the Board, is promptly assessed to determine whether it requires disclosure under the Listing Rules; and
- if the information does require disclosure, that disclosure is made promptly to the ASX.

The Company's objective is to promote effective communication with its Shareholders at all times. The Company is committed to:

- ensuring that Shareholders and the financial markets are provided with full and timely information;
- complying with continuous disclosure obligations contained in the Listing Rules and the Corporations Act in Australia; and
- communicating effectively with its Shareholders and making it easier for Shareholders to communicate with the Company.

The Continuous Disclosure and Shareholder Communication Policy establishes procedures which must be followed in order to identify, consider and if appropriate, disclose relevant information to the market.

To promote effective communication with Shareholders and encourage effective participation at general meetings, information will be communicated to Shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the annual report and notices of annual general meeting;
- through Shareholder meetings and investor relations presentations;
- through letters and other forms of communications directly to Shareholders; and
- by posting relevant information on NVC's website at www.nvcltd.com.au.

7

Details of the Offer

7.1 Structure of the Offer

The structure of the Offer comprises:

- Broker Firm Offer, consisting of an invitation by the Joint Lead Managers and Underwriters to the Offer to investors in Australia to acquire shares under this Prospectus; and
- Institutional Offer, which consists of an offer to Institutional Investors in Australia.

7.2 Purpose of the Offer

The Offer is expected to raise $30.0 million for NVC. Proceeds received by NVC through the issue of Shares pursuant to the Offer will enable NVC to fund the acquisition of the Initial Portfolio.

7.3 Use of Funds

NVC intends to use the proceeds from the Offer as set out below:

Use of Funds	$'000
Acquisition of the Initial Portfolio	44,499
Stamp duty and acquisition costs	2,229
IPO Related Costs	1,350
Total	**48,078**

7.4 Terms and Conditions of the Offer

The key terms and conditions of the Offer are summarised in the table below:

Topic	Summary
What is the type of security being offered?	Shares, being fully paid ordinary shares in NVC.
What are the rights and liabilities attached to the Shares?	A description of the Shares, including the rights and liabilities attaching to them, is set out at Section 9.2.
What is the Offer Period?	Applications pursuant to the Offer open at 9.00am on 24 July 2015 and close at 5.00pm on 3 August 2015.
Can the Offer be withdrawn?	The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Company and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to an Applicant fewer Shares than applied for.
Is the Offer underwritten?	The Offer of $30.0 million is fully underwritten by Shaw and Partners Corporate Finance Pty Limited and Wilson HTM Corporate Finance Ltd. Details of the Underwriting Agreement, including the circumstances in which the Underwriter may terminate its obligations, are set out in Section 9.4.
What is the minimum and maximum Application size?	The minimum acceptable investment is for 2,000 shares at $1.00 per Share. There is no maximum number or value of Shares that may be applied for under the Offer.

Topic	Summary
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Joint Lead Managers in consultation with the Company. For Broker Firm Offer participants, the relevant Joint Lead Manager will determine allocation. The Joint Lead Managers, in consultation with the Company, have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate fewer Shares than the amount applied for, in their absolute discretion.
Will the Shares be quoted?	An application will be made to ASX for the Company to be admitted to ASX, and for Official Quotation of the Shares (which is expected to be under the code NVL), within seven days after the date of the Original Prospectus. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares. If permission is not granted for official quotation of the Shares on ASX within three months of the date of this Prospectus, all Application Monies received will be refunded without interest as soon as practicable in accordance with requirements of the Corporations Act.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or around 11 August 2015, depending on ASX requirements. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you confirmed your firm allocation through a Broker or otherwise.
Are there any escrow arrangements?	Escrow arrangements are described in Section 9.7.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.
Are there tax implications?	The taxation consequences of an investment in the Company will depend upon the investor's particular circumstances. Investors should make their own enquiries about the taxation consequences of an investment in the Company.
What should you do with any enquiries?	If you require assistance or have any questions in relation to the Offer, or you are uncertain as to whether obtaining Shares in NVC is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

7.5 Broker Firm Offer

The Broker Firm Offer is open to persons who have received an invitation from either one or both of the Joint Lead Managers or their Broker to apply for Shares and who have a registered address in Australia. Investors who are offered a firm allocation of Shares by a Joint Lead Manager or Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

Applicants under the Broker Firm Offer should contact one of the Joint Lead Managers or their Broker to request a copy of the Prospectus and an Application Form. Your Broker or the relevant Joint Lead Manager will act as your agent and your Broker or the relevant Joint Lead Manager will be responsible for ensuring that your Application Form and Application Monies are received before 5.00pm (Sydney time) on the Closing Date.

7.6 Institutional Offer

The Company invites certain eligible Institutional Investors to apply for Shares in the Institutional Offer. The Institutional Offer will comprise an invitation to Institutional Investors in Australia to apply for Shares under this Prospectus.

7.7 Foreign selling restrictions

No action has been taken to register or qualify the Shares or the Offer in any jurisdiction outside Australia, or otherwise to permit a public offering of the Shares outside Australia.

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Each Applicant warrants and represents that:

- the Applicant is an Australian citizen or resident in Australia, is located in Australia at the time of the application and is not acting for the account or benefit of any person in the United States or any other foreign person; and
- the Applicant will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or to a United States person, except in transactions exempt from registration under the US Securities Act 1933 as amended, and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

7.8 Timetable

All dates and times are subject to change and are indicative only. All times are AEDT. NVC reserves the right to vary these dates and times without prior notice, including the right to close the Offer early, to withdraw the Offer, or to accept late Applications.

7.9 ASX listing

An application will be made to ASX for the Company to be admitted to the Official List, and for Official Quotation of the Shares. Acceptance of the application by ASX is not a representation by ASX about the merits of the Company or the Shares. Official quotation of Shares, if granted, will commence as soon as practicable after the issue of initial shareholding statements to successful Applicants.

It is expected that trading of the Shares on ASX will commence on or about 11 August 2015, subject to ASX requirements.

If permission is not granted for official quotation of the Shares on ASX within three months of the date of the Original Prospectus, all Application Monies received will be refunded without interest as soon as practicable in accordance with requirements of the Corporations Act.

7.10 CHESS

The Company will apply for the Shares to participate in CHESS. Applicants who are issued Shares under this Offer will receive shareholding statements in lieu of share certificates, which will set out the number of Shares issued to each successful Applicant.

The shareholding statement will also provide details of the Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register).

Shareholders will need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry. Further statements will be provided to Shareholders which summarise changes in their shareholding during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee.

7.11 Application Forms

Under no circumstances may an Application Form for Shares under this Prospectus be circulated to investors unless it is included in or accompanies this document.

Once an application has been lodged, that application will be deemed to have been made for the number of Shares applied for as specified in the Application Form.

7.12 Allocation of Shares

The Joint Lead Managers and Company will allocate Shares to Applicants under the Offer at their absolute discretion.

The Company may allocate all, or a lesser number, of Shares for which an application has been made, accept a late application or decline an application. Where applications are scaled back, there may be a different application of the scale-back policy to each Applicant.

Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant. No interest will be paid on refunded Application Monies. Any interest earned on Application Monies is the property of the Company.

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible after the Closing Date. It is the responsibility of Applicants to confirm the number of Shares allocated to them prior to trading in Shares. Applicants who sell Shares before they receive notice of the Shares allocated to them do so at their own risk.

If the Company's application for admission to ASX is denied, or for any reason this Offer does not proceed, all Application Monies will be refunded in full without interest.

7.13 Validity of Application Forms

By completing and lodging an Application Form received with this Prospectus, the Applicant represents and warrants that the Applicant has personally received a complete and unaltered copy of this Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe the Applicant has not received a complete copy of the Prospectus or it has reason to believe that the Application Form has been altered or tampered with in any way.

An Application Form is an irrevocable acceptance of the Offer.

7.14 Share Registry

NVC's Share Registry is to be maintained by Link Market Services Ltd.

8 Investigating Accountant's Report

HLB Mann Judd

Accountants | Business and Financial Advisers

23 July 2015

The Board of Directors
National Veterinary Care Limited
97 Albion Road
ALBION QLD 4227

Dear Directors

Independent Limited Assurance Report on National Veterinary Care Limited's Compilation of Pro Forma Historical Financial Information for the inclusion in the Prospectus

Introduction

HLB Mann Judd (SE Qld Partnership) ("HLBMJSEQld") has been engaged by National Veterinary Care Limited ("NVC") to prepare this report for inclusion in the prospectus to be dated 8 July 2015 ("Prospectus"), and to be issued by NVC, in respect of the initial public offering of shares in NVC which will wholly own the NVC Group of controlled entities ("NVC Group") ("Transaction").

Expressions defined in the Prospectus have the same meaning in this report.

Scope

You have requested HLBMJSEQld to review the following pro forma unaudited historical financial information of NVC:

Pro forma historical balance sheet as at 30 June 2015 as set out in the table in Section 4.11 of the Prospectus,
(Hereafter the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the aggregation of historical financial information of all 35 veterinary practices to be acquired by NVC, and as relevant, adjusted for the effects of pro forma adjustments described in Section 4.11 of the Prospectus.

The stated basis of preparation 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 4.2 of the Prospectus.

HLB Mann Judd (SE Qld Partnership) ABN 68 920 406 716
Level 15, 66 Eagle Street, Brisbane QLD 4000 | GPO Box 5225 Brisbane QLD 4001
Telephone +61 (0)7 3001 8800 | Facsimile +61 (0)7 3221 0812 | Email: infobne@hlbqld.com.au | Website: www.hlb.com.au

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Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by NVC to illustrate the impact of the event(s) or transaction(s) on NVC's financial position as at 30 June 2015. As part of this process, information about NVC's financial position and financial performance has been extracted by NVC from the unaudited financial information of NVC Group as at 30 June 2015.

Directors' responsibilities

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

The Directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on whether anything has come to our attention that the Pro Forma Historical Financial Information has not been properly compiled, in all material respects, by the Directors of NVC on the stated basis of preparation, as described in Section 4.2 of the Prospectus.

We have conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements ASAE 3420 *Assurance Engagements To Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document* (ASAE 3420), issued by the Auditing and Assurance Standards Board. This standard requires that the assurance practitioner plan and perform procedures to obtain limited assurance about whether anything has come the assurance practitioner's attention that causes the assurance practitioner to believe that the Directors of NVC have not compiled, in all material respects, the Pro Forma Historical Financial Information on the stated basis of preparation.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Historical Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Historical Financial Information, or of the Pro Forma Historical Financial Information itself.

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The purpose of the compilation of the Pro Forma Historical Financial Information being included in the Prospectus is solely to illustrate the impact of a significant event(s) or transaction(s) on unadjusted financial information of the NVC Group as if the event(s) had occurred or the transaction(s) had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event(s) or transaction(s) on NVC's financial position as at 30 June 2015 would have been as presented.

A limited assurance engagement to report on whether anything has come to our attention that the Pro Forma Historical Financial Information has not been properly compiled, in all material respects, on the basis of the applicable criteria, involves performing limited procedures to assess whether the applicable criteria used by the Directors of NVC in the compilation of the Pro Forma Historical Financial Information does not provide a reasonable basis for presenting the significant effects directly attributable to the event(s) or transaction(s), and that the:

- related pro forma adjustments do not give appropriate effect to those criteria; and
- resultant pro forma financial information does not reflect the proper application of those adjustments to the unadjusted financial information.

The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, observation of processes performed, inspection of underlying supporting financial records and documents, analytical procedures, consideration of seasonal impacts over revenue, review of relevant matters pertaining to financial statement items related to vendors contained in the relevant acquisition agreements, consideration of pro forma adjustments to the underlying financial information, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records, review of historical financial performance against independently obtained benchmark data and other procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the compilation of the Pro Forma Historical Financial Information has been prepared, in all material respects, in accordance with the applicable criteria.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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Conclusion

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information and comprising:

- the Pro forma historical balance sheet as at 30 June 2015 as set out in the table in Section 4.11 of the Prospectus,

is not presented fairly, compiled, in all material respects, by the Directors of National Veterinary Care Limited, in accordance with the stated basis of preparation as described in section 4.2 of the Prospectus.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Consent

HLB Mann Judd (SE QLD Partnership) has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

HLB Mann Judd

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Independence or Disclosure of Interest

HLB Mann Judd (SE QLD Partnership) does not have any interest in the outcome of the proposed initial public offering, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. From time to time, HLB Mann Judd also provides NVC with certain other professional services for which normal professional fees are received.

Yours faithfully
HLB Mann Judd (SE Qld Partnership)

Chris King
Partner

HLB Mann Judd Corporate

Australian Financial Services Licence Number 253134

23 July 2015

The Board of Directors
National Veterinary Care Limited
97 Albion Road
ALBION QLD 4227

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON NATIONAL VETERINARY CARE LIMITED'S FORECAST INFORMATION

Introduction

HLB Mann Judd Corporate (NSW) Pty Ltd ("HLBMJC") has been engaged by National Veterinary Care Limited ("NVC") to prepare this report for inclusion in the prospectus to be dated on or around 23 July 2015 ("Prospectus"), and to be issued by NVC, in respect of the initial public offering and issue of shares in NVC.

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License under the *Corporations Act 2001.* HLB Mann Judd Corporate (NSW) Pty Ltd holds an Australian Financial Services License (AFS license number 253134).

Scope

You have requested HLBMJC to perform a limited assurance engagement in relation to the forecast and pro forma forecast financial information described below and disclosed in the Prospectus.

Forecast Financial Information and directors' best-estimate assumptions

You have requested HLBMJC to perform limited assurance procedures in relation to the forecast and pro forma financial information as described in section 4.1 and set out in sections 4.7 and 4.8 of the prospectus which comprises:

- The forecast statutory forecast income statement for the period 1 July 2015 to 30 June 2016;
- The pro-forma forecast income statements for the period 1 July 2015 to 30 June 2016;
- The forecast statutory forecast cash flow statement for the period 1 July 2015 to 30 June 2016; and
- The pro-forma forecast cash flow statement for the period 1 July 2015 to 30 June 2016.

HLB Mann Judd Corporate (NSW) Pty Ltd ABN 94 003 918 125 AFSL 253134
Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190
Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

hereafter referred to as the "Forecast Financial Information".

The directors' best-estimate assumptions underlying the Forecast Financial Information are described in section 4.9 of the Prospectus. As stated in section 4.9 of the Prospectus, the basis of preparation of the Directors' Forecast is the recognition and measurement principles contained in Australian Accounting Standards and NVC's accounting policies.

The pro forma forecast financial information is presented in the Prospectus in an abbreviated form, 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 prepared in accordance with the *Corporations Act 2001*.

Directors' responsibilities

The directors of NVC are responsible for the preparation of the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the forecast and pro forma forecast, the best-estimate assumptions underlying the forecast and pro forma forecast, and the reasonableness of the forecast and pro forma forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures we performed included observation of processes performed, inspection of underlying supporting financial records and documents, analytical procedures, consideration of seasonal impacts over revenue, review of relevant matters pertaining to financial information contained in the relevant purchase agreements, consideration of proforma adjustments to the underlying historical financial information, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records, review of historical financial performance against independently obtained benchmark data and other procedures. A limited assurance engagement 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. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

HLB Mann Judd Corporate

Australian Financial Services Licence Number 253134

Conclusions

Forecast Financial Information and the directors' best-estimate assumptions

Based on our limited assurance engagement procedures, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial information do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the directors' best-estimate assumptions as described in section 4.9 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation beingthe recognition and measurement principles contained in Australian Accounting Standards, and NVC's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by NVC management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of NVC for the year ending 30 June 2016.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of NVC. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in NVC, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in section 5 of the Prospectus. The sensitivity analysis described in section 4.10 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of NVC, that all material information concerning the prospects and proposed operations of NVC has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to the Prospectus, which describes the purpose of the forecast financial information, being for inclusion in the Prospectus. As a result, the forecast financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared.

Consent

HLBMJC has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, HLBMJC makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Disclosure of Interest

HLBMJC does not have any interest in the outcome of the proposed initial public offering, other than in connection with the preparation of this report for which normal professional fees will be received.

HLBMJC was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLBMJC makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.

Yours faithfully

Simon James
Director and Authorised Representative

HLB Mann Judd Corporate

Australian Financial Services Licence Number 253134

Financial Services Guide

Dated 23 July 2015

1. **HLB Mann Judd Corporate (NSW) Pty Ltd**

   HLB Mann Judd Corporate (NSW) Pty Ltd ABN 94 003 918 125 ("HMJC" or **"we"** or **"us"** or **"our"** as appropriate) has been engaged to issue general financial product advice in the form of a Report to be provided to you.

2. **Financial Services Guide**

   In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

   This FSG includes information about:

   - who we are and how we can be contacted;
   - the services we are authorised to provide under our **Australian Financial Services Licence, No. 253134**;
   - remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
   - any relevant associations or relationships we have; and
   - our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

   We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, securities valuations or reports and to provide general financial product advice for the following classes of financial products:

   (i) debentures, stocks or bonds issued or proposed to be issued by a government;

   (ii) interests in managed investment schemes excluding investor directed portfolio services;

   (iii) securities; and

   (iv) superannuation;

   to retail and wholesale clients.

HLB Mann Judd Corporate (NSW) Pty Ltd ABN 94 003 918 125 AFSL 253134
Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190
Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

HLB Mann Judd Corporate

Australian Financial Services Licence Number 253134

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared for the shareholder group as a whole without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither HMJC, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by us

HMJC has no employees. All personnel who complete reports for HMJC are either partners of, or personnel employed by, HLB Mann Judd's New South Wales Partnership. None of those partners or personnel is eligible for bonuses directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HMJC is wholly owned by HLB Mann Judd (NSW) Pty Limited. Also, all directors of HMJC are partners in HLB Mann Judd's New South Wales Partnership. Ultimately the partners of HLB Mann Judd's New South Wales Partnership own and control HMJC.

From time to time HMJC, HLB Mann Judd (NSW) Pty Ltd or HLB Mann Judd's New South Wales Partnership may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of their business.

9. Complaints resolution

9.1. Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (NSW) Pty Ltd, Level 19, 207 Kent Street NSW 2000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2. Referral to external disputes resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3, Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of page 1 of this FSG.

9 Material Agreements

9.1 Key documents

The Board considers that certain agreements relating to the Company are significant to the Offer, the operations of the Company, or are otherwise relevant to investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements, is set out below.

9.2 Constitution

The following is a summary of the key provisions of the Company's Constitution:

Shares

The Directors are entitled to issue and cancel Shares in the capital of the Company, grant options over unissued shares and settle the manner in which fractions of a Share are to be dealt with. The Directors may decide the persons to whom and the terms on which Shares are issued or Options are granted as well as the rights and restrictions that attach to those Shares or Options.

The Constitution also permits the issue of preference shares on terms determined by the Directors.

Variation of class rights

The rights attached to any class of Shares may, unless their terms of issue state otherwise, only be varied with the consent in writing of members holding at least 75 per cent of the Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of Shares of that class.

Share certificates

Subject to the requirements of the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, the Company need not issue share certificates if the Directors so decide.

Calls

The Directors may, from time to time, call upon Shareholders for unpaid monies on their shares. If such a call is made, Shareholders are liable to pay the amount of each call in the manner, at the time and at the place specified by the Board. Calls may be made payable by instalments.

A call is deemed to have been made when a Directors' resolution passing the call is made or on such later date fixed by the Board. A call may be revoked or postponed at the discretion of the Directors.

Forfeiture

The Company may forfeit Shares in relation to any call or other amount payable in respect of Shares which remains unpaid following any notice to that effect sent to a Shareholder. Forfeited Shares become the property of the Company and the Directors may sell, reissue or otherwise dispose of the Shares as they think fit.

Share transfers

Shares may be transferred by any method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules or by a written transfer in any usual form or in any other form approved by the Directors. The Directors may refuse to register a transfer of Shares where it is permitted to do so by the ASX Listing Rules or the ASX Settlement Operating Rules.

General meetings

Each Shareholder, Director, ASX and such other person (including the auditor), as set out in the Constitution, are entitled to receive notice of and attend any general meeting of the Company. Two Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a chair and the adjournment of the meeting, unless a quorum is present.

Voting rights

Subject to any rights or restrictions attached to any Shares or class of shares, on a show of hands each Shareholder present has one vote and, on a poll, one vote for each fully paid Share held, and for each partly paid Share, a fraction of a vote equivalent to the proportion to which the Share has been paid up. Voting may be in person or by proxy, attorney or representative. The Chair does have a casting vote.

Remuneration of Directors

Each Director is entitled to such remuneration from the Company for his or her services as decided by the Directors but the total amount provided to all Directors for their services as Directors must not exceed in aggregate the amount fixed by the Company in general meeting (see Section 10.4). The remuneration of a Director (who is not an executive Director) must not include a commission on, or a percentage of, profits or operating revenue.

Remuneration may be provided in such manner that the Directors decide, including by way of non-cash benefits. Directors who devote special attention to the business of the Company or who otherwise perform services which are outside their ordinary duties as directors may be paid extra remuneration.

Interests of Directors

A Director who has a material personal interest in a matter that is being considered by the Board must not be present at a meeting while the matter is being considered nor vote on the matter, unless the Corporations Act allows otherwise.

Election of Directors

There must be a minimum of three Directors and the maximum number of Directors may not be more than 12 unless the Company in general meeting resolves otherwise.

Where required by the Corporations Act or ASX Listing Rules, the Company must hold an election of directors each year. The number of Directors to retire is decided having regard to the composition of the Board at the date of the notice calling the Company's annual general meeting. No Director, other than the managing director, may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected.

With respect to the retirement of Directors, the Directors longest in office since last being elected must retire. If a number of Directors were elected on the same day, the Directors to retire shall (in default of agreement between them) be determined by ballot.

Dividends

If the Directors determine that a final or interim dividend is payable, it will (subject to the terms of issue on any Shares or class of Shares) be paid on all Shares proportionate to the amount for the time being paid on each Share. Dividends may be paid by cash, electronic transfer or any other method as the Board determines.

The Directors may capitalise and distribute the whole or part of the amount from time to time standing to the credit of any reserve account or otherwise available for distribution to Shareholders. Such capitalisation and distribution must be in the same proportions which the Shareholders would be entitled to receive if distributed by way of a dividend.

Subject to the ASX Listing Rules, the Directors may pay a dividend out of any fund or reserve or out of profits derived from any particular source.

Proportional takeover bids

The Company may prohibit registration of transfers purporting to accept an offer made under a proportionate takeover bid unless a resolution of the Company has been passed approving the proportional takeover bid in accordance with the provisions of the Constitution.

The rules in the Constitution relating to proportional takeover bids will cease on the third anniversary of the adoption of the Constitution or unless renewed by a special resolution of Shareholders.

Indemnities and insurance

The Company must indemnify current and past Directors and other executive officers ('Officers') of the Company on a full indemnity basis and to the full extent permitted by law against all liabilities incurred by the Officer as a result of their holding office in the Company or of a related body corporate.

The Company may also, to the extent permitted by law, purchase and maintain insurance, or pay or agree to pay a premium for insurance, for each Officer against any liability incurred by the Officer as a result of their holding office in the Company or of a related body corporate.

9.3 Acquisition Agreements

Business Sale Agreements

NVC has, either directly or through a Related Body Corporate, entered into Acquisition Agreements to acquire the Initial Portfolio for a total consideration of $56,808,353 plus acquisition costs.

The key terms of the Acquisition Agreements are summarised below.

Business assets

The majority of the Acquisition Agreements are in the form of business sale agreements, pursuant to which NVC acquires all of the business assets, employees and associated goodwill in relation to the Clinics comprising the Initial Portfolio. Other than as specifically agreed in the relevant business sale agreement, NVC will not assume any debt, liabilities or obligations of the vendors of the businesses, as the acquisitions have been structured as an asset sale.

Conditions precedent

Each Acquisition Agreement is subject to a number of conditions, including:

- NVC being satisfied with the results of its due diligence inquiries in relation to the vendors of the Clinics and the business of the Clinics;
- NVC successfully raising capital to complete the acquisition;
- the vendor and if applicable, principal of the Clinic entering into restrictive covenants;
- the assignment of the lease of the property on which the relevant Clinic is located; and
- the obtaining of all relevant consents and licences in relation to the operation of the Clinics.

Restraints

All vendors of the Clinics have agreed to accept a restraint on their ability to compete in defined geographical areas following Completion for periods of up to two years.

Warranties and indemnities

Each of the vendors under the Acquisition Agreements is required to provide warranties and indemnities which are commercially acceptable in relation to those agreements. These warranties include warranties in respect of the accuracy of the financial information of the business, the absence of claims and litigation against the business, and compliance with all relevant laws.

Leases

NVC will either receive an assignment of an existing lease over the relevant premises on which the Clinics are located, or enter into a new lease with the landlord on acceptable commercial terms and at market rent.

Termination

The Acquisition Agreements may be terminated if, for example, one or more of the conditions precedent are not satisfied, or if there is a breach of vendor warranties.

Controlled entities

NVC has agreed to enter into arrangements with three vendors who in aggregate own five Clinics within the Initial Portfolio, pursuant to which representatives from the vendors and NVC will hold shares and a board position in companies which own and manage those five Clinics.

In these structures, NVC or a Related Body Corporate holds the majority shareholding of the company, and represents at least 50% of the board of directors of those companies. These controlled entities will all enter into management services agreements with NVC following Completion, pursuant to which NVC or a Related Body Corporate will provide those controlled entities with marketing, administrative, financial, taxation and other business support services.

Separately, NVC has entered into an agreement in relation to its existing Clinic at Albion in Queensland. NVC currently holds 25% of the shares in the special purpose vehicle which owns and operates this Clinic. NVC has exercised an option to acquire the balance shares in this special purpose vehicle from the other shareholders, which will result in it holding all of the issued shares in that company. In consideration for the transfer of their shares in the special purpose vehicle to NVC, the former shareholders will receive an amount equal to their original investment together with the right to subscribe for Shares in NVC under the Prospectus at a 20% discount to the Offer Price. The Shares to be issued to these investors are included in the Consideration on Completion in Section 4.6.

Consideration

Under the Acquisition Agreements, the purchase price for the Clinics may be payable either in cash, or in some cases, vendors may elect to receive a certain percentage of their consideration by way of Shares in NVC at the Offer Price.

In addition, the consideration for the Clinics for 13 Clinics is payable in full at Completion, while for the other 22 Clinics, part of the consideration is payable at Completion and a component of Deferred Consideration is payable 24 months after Completion, depending on the financial performance of the Clinic in question.

Where the consideration includes a component of Deferred Consideration, the amount of Deferred Consideration may be reduced if the EBIT performance for a period of 24 months following Completion of the acquisition is less than the EBIT on which the purchase consideration was determined.

If the Deferred Consideration is payable by way of Shares and the EBIT threshold has not been met, the number of escrowed Shares to be released to those vendors will be reduced, and the balance Shares sold to a party nominated by NVC.

9.4 Underwriting Agreement

On 8 July 2015, the Company entered into an Underwriting Agreement with Wilson HTM Corporate Finance Ltd and Shaw and Partners Corporate Finance Pty Limited, the Joint Lead Managers, to manage and underwrite the Offer.

Fees and costs

NVC agrees to pay each Underwriter their portion of an underwriting fee equal to 3.5% and a management fee equal to 1.0% of the funds raised under the Offer.

In addition, NVC has agreed to reimburse the Underwriters for certain costs and expenses incurred in relation to the Offer.

Termination events

The Underwriters may terminate the Underwriting Agreement in certain circumstances prior to the date of issue of Shares under the Offer. These circumstances include:

- **quotation approval:** approval for quotation of the Shares on ASX is refused or not granted;
- **S&P/ASX 200 Index fall:** if the S&P/ASX 200 Index is more than 10% below the level of that Index at the close of ASX trading on the trading day before the date of lodgement of the Prospectus;
- **adverse change:** any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company and the Group from those respectively disclosed in the Prospectus;
- **withdrawal:** the Company withdraws the Prospectus or terminates the Offer;
- **repayment:** any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the money received from applicants (other than to applicants whose Applications were not accepted in whole or in part) or offering applicants an opportunity to withdraw their Applications for Shares and be repaid their Application Money;
- **judgment:** a judgment in an amount exceeding $100,000 is obtained against the Company or a Related Body Corporate of the Company and is not set aside or satisfied within 21 days;
- **process:** any distress, attachment, execution or other process of a Governmental Agency in an amount exceeding $100,000 is issued against, levied or enforced upon any of the assets of the Company or a Related Body Corporate of the Company and is not set aside or satisfied within 21 days;
- **insolvency:** the Company or a Related Body Corporate of the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;
- **ASIC actions:** ASIC makes an interim or final stop order in relation to the Prospectus, or issues proceedings in relation to the Offer;
- **disclosures in the Prospectus:** a statement contained in the Prospectus is misleading or deceptive or likely to mislead or deceive, or a matter required by the Corporations Act is omitted from the Prospectus;
- **Supplementary Prospectus:** the Company lodges a Supplementary Prospectus without the consent of the Underwriters or fails to lodge a Supplementary Prospectus in a form acceptable to the Underwriters; or
- **Completion of first tranche of acquisitions:** if at least half by value of the Clinics to be acquired as part of the Initial Portfolio do not complete before the scheduled settlement date.

In addition, the Underwriters may terminate the agreement if any of the following events occur and the Underwriters reasonably believe that the event has or is likely to have a material adverse effect on the outcome of the Offer:

- **market conditions:** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, China, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriters reached in good faith after consultation with the Company, it is impracticable to market the Offer or to enforce contracts to issue, allot or transfer the Shares or that the success of the Offer is likely to be adversely affected;
- **material contracts:** termination or a material amendment of any material contract of the Company or a Group company in both cases which have a material adverse effect on the Company;
- **ASX quotation:** if any ASX conditions for Quotation of the underwritten Shares are not completed, fulfilled or waived by ASX in accordance with the proposed timetable;
- **general trading suspensions:** trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange or the ASX;
- **change in management:** other than as contemplated in the Prospectus, a change in the board of Directors of the Company occurs without the written consent of the Underwriters;
- **legal proceedings:** material legal proceedings are commenced against the Company or any Director is disqualified from managing a corporation;
- **compliance with regulatory requirements:** a contravention by the Company or any entity in the Group of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation;

- **change in laws:** there is introduced or there is a public announcement of a proposal to introduce, a change in legislation which is likely to prohibit, materially restrict the Offer, or materially affect the financial position of the Company or have a material adverse effect on the success of the Offer.

The right of an Underwriter to terminate the agreement may be exercised even if the other Underwrite does not elect to terminate at the same time. Upon termination by both Underwriters, their obligations under the Underwriting Agreement will be at an end. If one Underwriter (not both) terminates, the obligations of that terminating Underwrite end under the agreement.

Representations and warranties

The Underwriting Agreement requires the Company to provide various representations and warranties to the Underwriters, including in respect of:

- the status, power and authority of the Company to enter into the agreement;
- the compliance of the Offer and the Prospectus with all relevant laws and regulatory requirements;
- the use of funds raised under the Offer;
- the material contracts of the Company;
- ongoing due diligence as part of the due diligence program;
- no claims or litigation in relation to the Company or the business; and
- the production of financial information in relation to the Company.

Obligation to indemnify

To the fullest extent permitted by law, the Company must indemnify the Underwriters and certain affiliated parties against any claim, loss, liability, cost, or payment which they incurs directly or indirectly in respect of the Offer.

Potential effects on control

As at the date of this Prospectus, neither of the Underwriters have an interest in any securities of the Company, nor have they indicated an intention of acquiring securities in the Company prior to the Offer Date.

If the Underwriters were to take up the maximum shortfall under the Underwriting Agreement, each of them could obtain approximately 29.6% of the total Shares on issue following the Offer. The Company believes it is unlikely that the underwriting of the Offer by the Underwriters will have such an impact on the control of the Company, because the Underwriters have the right to appoint sub-underwriters to sub-underwrite its obligations in relation to the Shares, and the Company anticipates that the Underwriters will do so.

9.5 Finance arrangements

Convertible Note Agreements

NVC has entered into three Convertible Note Agreements to provide $700,000 in funding to the Company for the purposes of working capital and associated costs incurred in relation to the Offer. The convertible notes will automatically convert into shares on, relevantly, the business day immediately prior to Listing at an issue price per Share which is 50% of the Offer Price under the Prospectus.

The effect of the issue of Shares under the Convertible Note Agreements is set out in Section 9.6.

Description of Finance Facilities

NVC has been offered in principle terms for new banking facilities which the Board considers favourable and which are reflected in the Forecast Financial Information. The Finance Facilities will comprise the Term Loan Facility and the Working Capital Facility, and will be available for the acquisition of the Initial Portfolio.

The key terms of these facilities are summarised in Section 4.13.

9.6 Capital structure

Set out below is the anticipated capital structure of the Company following close of the Offer:

At the date of this Prospectus	$'000
Number of Shares on issue	8,286
Under the Offer	
Shares to be issued under Convertible Note Agreements	1,400
Shares to be issued to vendors of Clinics	11,033
Shares to be issued under the Prospectus	29,985
Total Shares on issue following close of the Offer	**50,704**

Charles Foster and his partners have entered into Acquisition Agreements with the Company for the sale of a group of Clinics into the Initial Portfolio. Following Completion, Charles Foster and his partners will receive approximately 5.9 million Shares under their Acquisition Agreements with the Company, giving them approximately 11.7% of total Shares on issue under the Offer. Charles Foster and/or his partners may therefore be regarded as substantial shareholders in the Company following Completion.

The Directors are not aware of any other parties who are likely to be substantial Shareholders in the Company following close of the Offer.

9.7 Escrow agreements

ASX Listing Rules require certain holders of Shares as at the date of this Prospectus to enter into restriction agreements in a form consistent with the Listing Rules, which restrict the ability of those Shareholders to dispose of, create any security interest in or transfer effective ownership or control of, the restricted Shares.

In addition, various vendors have agreed to enter into voluntary restriction agreements in relation to Shares issued to them as partial consideration for the sale of their Clinics to NVC.

In either case, these Shares will not be able to be transferred, encumbered or otherwise dealt with for the relevant escrow period as detailed below.

Shareholder	Estimated Shares held post-Offer	Shares under Escrow	Escrow period
Directors and Management[2]	3,190,000[1]	2,352,000	24 months
Other current holders[3]	7,026,001	4,896,402	12 months or 24 months
Clinic vendors[4]	11,033,184	11,033,184	12 months or 24 months
Total Shares	**21,249,185**	**18,281,586**	

Notes:

1. Includes the Shares issued to a related party of Stephen Coles under his Convertible Note Agreement.
2. 2,352,000 Shares escrowed for 24 months .
3. 4,276,402 Shares escrowed for 24 months, 500,000 Shares issued pursuant to a second Convertible Note Agreement escrowed until 27 April 2016 and 120,000 Shares issued pursuant to a third Convertible Note Agreement escrowed until 19 February 2016 (12 months from advance of funds).
4. 10,658,184 Shares to be issued to the Clinic vendors will be escrowed for 24 months under the terms of the vendors' Business Sale Agreements, and 375,000 Shares will be escrowed for 12 months.

These restrictions will terminate on either the first or second anniversary of the date of admission of the Company to the Official List of the ASX (or earlier) depending on the date of issue of the Shares and the relationship of the holder to the Company. However, these restrictions may be released early to enable a Shareholder to accept an offer under a takeover bid in relation to their Shares, provided holders of not less than 50% of the Shares not subject to the restrictions then on issue have accepted the takeover bid or to enable the Shares of a Shareholder to be transferred to cancelled as part of a merger by scheme of arrangement under the Corporations Act.

In relation to the voluntary restriction agreements entered into with vendors of Clinics, the Shares which are subject to escrow will be released depending on whether the Clinics sold by those vendors to NVC have achieved specified EBIT thresholds during the two years following Completion. If these EBIT thresholds have not been met, the number of escrowed Shares which will be released to those vendors will be reduced, and the balance shares sold to a party nominated by NVC.

The execution of the restriction agreements may give the Company a 'relevant interest' in these Shares for the purposes of the Corporations Act. ASIC has made a declaration modifying Chapter 6 of the Corporations Act so that the voluntary escrow arrangements described above do not give rise to a relevant interest for the Company in respect of the escrowed Shares for the purposes of the takeovers provisions in Chapter 6.

9.8 Executive employment contracts

Agreement with Managing Director/CEO

NVC has entered into an employment agreement with Tomas Steenackers as chief executive officer and managing director of the Company.

Tomas' employment agreement provides for, amongst other things, an annual base salary of $200,000 plus compulsory statutory superannuation entitlements.

Subject to the admission of NVC to the Official List of the ASX, Tomas will also be entitled to receive $45,000 cash bonus.

Either party may terminate the employment agreement on 6 months written notice. NVC may choose to terminate the employment agreement immediately at any time during the notice period by making a payment in lieu. In the event of a serious breach, serious misconduct or consistent failure by Tomas to carry out his duties in a manner satisfactory to the Board of directors, the employment agreement may be terminated immediately and without prior notice.

Upon termination of the employment agreement, and for a period of up to 12 months, Tomas will be subject to restraint of trade provisions which prohibit him from soliciting any customer or former customer of NVC within the 12 months prior to the termination date, interfering in the relationship between NVC and a customer, inducing or attempting to induce a director or employee away from NVC, or assisting any person to do any of these acts during his employment period. After employment, Tomas will not engage in any business or activity that is in competition with NVC or any material part of NVC's business for a period of up to 12 months, or represent that he is in any way connected with the business of NVC. The enforceability of the restraint of trade provisions is subject to all usual legal requirements.

The employment agreement also contains obligations of confidentiality on Tomas which extend beyond the termination of his employment agreement.

The Company has also offered Tomas a performance based short term incentive of an amount equal to 20% of base salary if the Company's earnings per share (EPS) meets the Prospectus forecast, and a bonus of between 15% to 50% depending on whether (and to what extent) EPS accretion is equal or greater than 12%, 21% or 31% on the previous financial year's EPS.

It is the intention of the Company that a long term incentive arrangement set out in Section 9.9 will also be offered to Tomas in due course under the Plan which is to be adopted by the Company and summarised in Section 9.9.

Agreement with Chief Financial Officer/Company Secretary

NVC has entered into an employment agreement with Katherine Baker in respect of her role as Chief Financial Officer and Company Secretary within the NVC group.

Katherine's employment agreement provides for, amongst other things, an annual base salary of $150,000 plus compulsory statutory superannuation entitlements.

Either party may terminate the employment agreement on 3 months written notice. NVC may choose to terminate the employment agreement immediately at any time during the notice period by making a payment in lieu. In the event of a serious breach, serious misconduct or consistent failure by Katherine to carry out her duties in a manner satisfactory to the Board of directors, the employment agreement may be terminated immediately and without prior notice.

Upon termination of the employment agreement and for a period of up to 24 months, Katherine will be subject to restraint of trade provisions which prohibit her from soliciting any customer or former customer of NVC within the 12 months prior to her termination date, interfering in the relationship between NVC and a customer, inducing or attempting to induce a director or employee away from NVC, or assisting any person to do any of these acts. After employment, Katherine will not engage in any business or activity that is in competition with NVC or any material part of NVC's business for a period of up to 24 months, or represent that she is in any way connected with the business of NVC. The enforceability of the restraint of trade provisions is subject to all usual legal requirements.

The employment agreement also contains obligations of confidentiality on Katherine which extend beyond the termination of her employment agreement.

The Company has offered Katherine a performance based short term incentive of an amount equal to 20% of base salary if the Company's earnings per share (**EPS**) meets the Prospectus forecast, a bonus of between 15% to 50% depending on whether (and to what extent) EPS accretion is equal or greater than 12%, 21% or 31% on the previous financial year's EPS.

It is the intention of the Company that a long term incentive arrangement set out in Section 9.9 will also be offered to Katherine in due course under the Plan which is to be adopted by the Company and summarised in Section 9.9.

9.9 Employee Incentive Plan

Prior to the allotment of Shares under the Offer, the Company proposes to adopt an Employee Incentive (Share Loan) Plan (**Plan**) which will allow the Company to advance money to those officers and employees who fall within the definition of 'Employee' under the Plan, to assist such eligible employees to acquire Loan Shares which will be issued to them under the Plan.

Although it is intended that the Plan will be adopted by the Company prior to the allotment of Shares under the Offer, it will not become operative, and no offers will be made to eligible employees under the Plan, unless and until the Company becomes listed, its Shares are quoted on the securities market operated by ASX and its Shares become "eligible products" for the purposes of CO 14/1000.

It is intended that Loan Shares will initially be granted to Tomas Steenackers, Katherine Baker, Robert Skoda and Darryl Cox, each being a full time executive of the Company following Completion.

Set out below is a summary of the terms of the Company's proposed Plan and the initial offers intended t be made under the Plan.

Objectives

The objective of the Plan is to encourage eligible employees to share in the ownership of the Company and to promote the longterm success of the Company as a goal shared by all eligible employees.

Loan Shares

The Company may, at the discretion of the Board, issue Loan Shares which are Shares in the Company each carrying the same dividend rights and otherwise ranking pari passu in all respects with the issued Shares of the Company, where the subscription price is funded by way of a loan from the Company.

Offers under Plan

The Board may, from time to time, invite any eligible employee to participate in the Plan. The Board will have an absolute discretion in determining whether to make an offer to an eligible employee, when to make an offer and the number of Loan Shares for which an eligible employee is invited to subscribe. An offer from the Company to participate in the Plan may be accepted by the eligible employee.

Subscription price

It is intended that the subscription price for the Loan Shares to be offered to the initial participants will be equal to the Offer Price under this Prospectus. It is proposed that later invitations are to be made on the following basis:

a. if there was at least one transaction on the ASX involving the Shares of the Company during the one week period before the date of the Invitation – the volume weighted average of the prices at which those Shares were traded on the ASX during the one week period before that date; or

b. if there were no such transactions on the ASX in that one week period – the last price at which an offer was made on the ASX in that period to a Share.

Financial Assistance: loan to acquire Shares

It is proposed that eligible employees who accept an invitation under the Plan (**Participants**) will be offered a limited recourse, interest free loan from the Company to finance the whole of the subscription price of the Loan Shares they are offered (**Loan**). The Loan and any other financial assistance will only be extended to participants as permitted under the Corporations Act.

The Loan will become repayable by the Participant in various circumstances, including:

a. within three months of resignation;
b. immediately on dismissal;
c. immediately on death or permanent disability;
d. in various scenarios involving the restructuring or change of control of the Company; and
e. immediately, on the expiry of the 60 months from the date on which the Loan was made.

The Plan provides that the Loan Shares may be bought back by the Company in full satisfaction of any outstanding amount under the Loan in circumstances where the Loan has become repayable under the Plan and the Participant does not discharge its repayment obligation, including because the applicable performance hurdles have not been satisfied in accordance with their terms or the Participant has not repaid the loan by the repayment date.

The Company may apply 100% of the after tax amount of any dividends and distributions that may become payable in respect of a Loan Share, to reduce the amount outstanding under any Loan.

Security over Participants' Loan Shares

The Company shall have a lien over any Loan Shares for as long as there is an amount outstanding under the Loan which funded the acquisition of the relevant Loan Shares.

Rights

Loan Shares issued under the Plan will, subject to restrictions on sale or disposal, rank equally with all other issued Shares.

Performance Hurdles

Loan Shares will vest and the Participant will become able to repay the Loan in respect of those Loan Shares, upon the satisfaction of any performance hurdles that apply to the Loan Shares, as determined by the Board. Any applicable performance hurdles will be specified in each invitation to participate in the Plan. Unless and until the performance hurdles are satisfied, a Participant cannot repay the loan to obtain unencumbered title to the Loan Shares, and so will be unable to sell or otherwise deal with the Loan Shares.

Any performance hurdles may be waived by the discretion of the Board, including in the event of a change of control of the Company, where the Board may permit immediate repayment of a Loan.

Restrictions

Until a Loan has been repaid or discharged, a Participant must not sell, transfer, grant a security interest over, hedge or otherwisedispose of the Loan Shares. Loan Shares that have not vested and/or are subject to repayment of the Loan will be restricted from trading.

Amendment

The Board may terminate, amend or modify the Plan (subject to the Listing Rules and the Corporations Act). However, no such amendment or modification shall be made if it would have the effect of depriving the holders of issued Loan Shares of any rights to which they are then entitled unless approved by 75% of the then holders of Loan Shares affected by such a change or unless the amendments are required by law.

Maximum number of Loan Shares

The maximum number of Loan Shares for which invitations may be issued under the Plan together with the number of Loan Shares still to be issued in respect of already accepted invitations and Loan Shares that have already been issued in response to invitations in the previous 3 years (but disregarding Shares that are or were issued following invitations to a person situated outside Australia at the time of receipt of the invitation, or that did not require a disclosure document under the Corporations Act, or that were issued under a disclosure document under the Corporations Act) must not exceed 5% of the total number of Shares on issue in the Company at the time the invitations are made.

Governing law

The Plan is to be governed by the laws of Queensland.

Long term incentive offers under the Plan

Subject to necessary Shareholder approvals being obtained, and once the Company's Shares become 'eligible products' for the purposes of CO 14/1000, it is proposed that the following offers of Loan Shares in accordance with the terms of the Plan will be made to Tomas Steenackers, Katherine Baker, Robert Skoda and Darryl Cox (each being persons who hold, or will hold, a "managerial or executive office" (as defined in the Corporations Act)) (together the **Executives**).

Name	Number of Loan Shares
Tomas Steenackers	250,000 Shares
Katherine Baker	225,000 Shares
Robert Skoda	125,000 Shares
Darryl Cox	50,000 Shares

The Executives' Loan Shares will only vest, and the Executives will only have an entitlement to their Loan Shares (subject to repayment of their respective Loans and the terms of the Plan), to the extent that the performance hurdle described below is satisfied.

Performance Hurdle	
Vesting date	The vesting date for the Loan Shares will be determined by the Remuneration and Nomination Committee after it has assessed in its sole discretion whether the performance hurdle set out below has been satisfied.
Total Shareholder Returns	The number of Loan Shares to which each Executive will have an entitlement on the vesting date will be determined by the Company's TSR ranking compared with TSRs of 50 ASX-listed companies with a market capitalisation immediately above and 50 ASX-listed companies with a market capitalisation immediately below that of the Company's as at Listing (**Benchmark Group**) over a period of three years (**TSR Assessment Period**) commencing on Listing and finishing on the third anniversary of the Listing date (**TSR Assessment Date**).
Benchmark Group	The Remuneration and Nomination Committee will determine the Benchmark Group within three months of the Listing and will review the Benchmark Group on each anniversary of the Company's Listing date.

Performance Hurdle

Vesting Schedule

As soon as reasonably practical after the TSR Assessment Date, the Remuneration and Nomination Committee will:

1. determine, in its sole discretion, the TSR of the Company and the TSRs of the Benchmark Group over the TSR Assessment Period;
2. rank the TSR of the Company with the TSRs of the Benchmark Group; and
3. apply the vesting schedule set out below to determine the number of Loan Shares for each Executive that will vest on the vesting date, subject to repayment of each Executives respective Loan and the terms of the Plan.

Percentile ranking of the Company's TSR relative to the Benchmark Group	Percentage of Loan Shares
0 – 49th	0%
50th	50%
51st – 74th	Between 50% and 99% determined proportionately on a straight line basis, dependent on the Company's ranking within the Benchmark Group
75th and above	100%

It is intended that necessary Shareholder approvals required to effect the offers of Loan Shares to the Executives, including with regard to the granting of financial assistance to the Executives, be obtained prior to the allotment of Shares under the Offer.

9.10 Deeds of Indemnity and Access

The Company has entered into deeds of access, insurance and indemnity with each Director, which contain rights of access to certain books and records of the Company for a period of 7 years after the Director ceases to hold office.

This 7 year period may be extended by certain proceedings when investigations commence before the 7 period expires.

The Company also indemnifies the Director to the extent permitted by law against all liabilities incurred by the director in connection with or as a consequence of the Director acting as a director and representative of the NVC Group. Subject to the terms of the relevant insurance policy, the Company indemnifies each Director against all liabilities incurred by that Director in connection with or as a consequence of the Director acting in any capacity, including as an authorised representative of a group Company. The indemnity extends to any legal costs incurred by the director in defending an action, for a liability incurred or allegedly incurred by a director in connection with acting as a director of the Company, or incurred by the director in instigating proceedings to protect the interests of the Company. The indemnity has effect in respect of acts or omissions that occurred at any time from the date the director became an officer of a group Company, and despite the director ceasing to be an officer of a group Company before a claim is made or before the director incurs any liability in respect of costs.

Under the terms of the deed, the Company will not indemnity a director in circumstances where to do so would involve the Company being in breach of any law.

To the extent permitted by law and to the extent available in the market at a cost that would not be unfairly prejudicial to the Company, NVC must maintain and pay a premium on a directors and officer's insurance policy which covers liabilities incurred by a director in respect of actual or alleged acts or omissions of the director that occurred while the director was an officer of the Company.

9.11 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours at the registered office of the Company for 13 months after the date of this Prospectus:

a. the Constitution of the Company; and

b. the consents to the issue of this Prospectus.

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Additional Information

10.1 Litigation

Litigation may arise from time to time in the course of the Company's business. As at the date of this Prospectus, the Company is not involved in any legal proceedings and the current Directors are not aware of any legal proceedings pending or threatened against the Company.

10.2 Consents and disclaimers of responsibility

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Shaw and Partners Corporate Finance Pty Ltd has given, and has not withdrawn, its written consent to be named as Joint Lead Manager and Underwriter to the Offer in the form and context in which it is named.

Wilson HTM Corporate Finance Ltd has given, and has not withdrawn its written consent to be named as Joint Lead Manager and Underwriter to the Offer in the form and context in which it is named.

Mills Oakley has given, and has not withdrawn, its written consent to be named as legal advisor to the Company in relation to the Offer, in the form and context in which it is named.

Ramsden Lawyers has given, and has not withdrawn, its written consent to be named as advisor to the Company in respect of the legal transactional work associated with the Offer, in the form and context in which it is named.

HLB Mann Judd has given, and has not withdrawn, its written consent to be named as Investigating Accountant, in the form and context in which it is named and for the inclusion of its Investigating Accountant's Report in Section 6 of this Prospectus in the form and context in which it is included.

HLB Mann Judd (SE Qld Partnership) has given, and not withdrawn, its consent to be named as Auditor in the form and context in which it is named.

Link Market Services has given, and not withdrawn, its written consent to be named as share registrar in the form and context in which it is named.

10.3 Interests of advisers

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest or has had any interest during the last two years, in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer of the Shares; and
- no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of the Company, or the Offer of the Shares.

Shaw and Partners Corporate Finance Pty Limited has acted as Joint Lead Manager and Underwriter to the Offer. Shaw and Partners Corporate Finance Pty Limited will be paid a management and underwriting fee, details of which are disclosed in Section 9.4 of this Prospectus.

Wilson HTM Corporate Finance Ltd has acted as Joint Lead Manager and Underwriter to the Offer. Wilson HTM Corporate Finance Ltd will be paid a management and underwriting fee, details of which are disclosed in Section 9.4 of this Prospectus.

Mills Oakley Lawyers has acted as legal adviser to the Company in relation to the Offer and has been involved in undertaking due diligence enquiries and providing legal advice in relation to the Offer. Mills Oakley will be paid an amount of $350,000 (GST exclusive) in respect of these services.

Ramsden Lawyers has acted as advisor to the Company in respect of the legal transactional work associated with the Offer. Ramsden Lawyers will be paid an amount of $385,000 (GST exclusive) in respect of these services.

HLB Mann Judd has acted as Investigating Accountant to the Offer and has prepared the Investigating Accountant's Report in Section 8 and performed work in relation to due diligence enquiries. HLB Mann Judd will be paid an estimated fee of $90,000 (GST exclusive) in respect to these services. Further amounts may be paid to HLB Mann Judd in accordance with their normal time-based charges.

10.4 Interests of Directors

Other than set out above or elsewhere in this Prospectus:

- no Director or proposed Director of the Company has, or has had in the two years before lodgment of this Prospectus, any interest in the formation or promotion of NVC, or the Offer of Shares, or in any property proposed to be acquired by NVC in connection with information or promotion of the Offer of the Shares; and
- no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of the Company either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of the Company or the Offer of Shares.

Shareholdings

Although the Constitution of NVC does not require the Directors to hold Shares, each of the Directors either personally or through related parties hold Shares in NVC as at the date of this Prospectus.

Tomas Steenackers' shareholding includes $85,000 in Shares issued to him as a bonus under his employment agreement in recognition of his commitment to the Listing.

Susan Forrester intends to apply for $100,000 in Shares under the Offer.

Stephen Coles intends to apply for $350,000 in Shares under the Offer.

The Directors and their related parties will hold the following Shares upon Listing:

Director	Current Shareholding	Shareholding upon Listing
Susan Forrester	500,000	600,000
Tomas Steenackers	1,000,000	1,000,000
Stephen Coles[1]	250,000	760,000
Wesley Cootes	700,000	700,000

Note:
1. Includes shares issued under the Convertible Note Agreement described below as a related party transaction.

Final Directors' shareholdings will be notified to the ASX upon Listing.

Transactions with related parties

Prior to Listing, Stephen Coles agreed to provide $80,000 under a Convertible Note Agreement by way of seed capital. The terms of this agreement are summarised in Section 9.5.

Payments to Directors

The Constitution of the Company provides that the Directors as a whole (other than the Managing Director or an executive Director) may be paid or provided remuneration for their services, the total amount of value of which must not exceed an aggregate maximum, with that sum to be divided amongst the Directors as they agree. The Constitution of the Company further provides that the remuneration of an executive Director may from time to time be fixed by the Directors.

The maximum aggregate amount which has been approved by National Veterinary Care Ltd shareholders for payment to the Directors (other than the Managing Director and executive Directors) is $500,000 per annum. The current non-executive Directors' fees are $80,000 per annum for the Chair and $40,000 per annum for each of the other non-executive Directors exclusive of superannuation. For the executive directors, the Managing Director/CEO's remuneration is $200,000 and the remuneration of the Chief Financial Officer/Company Secretary is $150,000 per annum, exclusive of superannuation. Further details regarding the employment arrangements are summarised in Section 9.8.

Directors may also be reimbursed for all travelling and other expenses they incur in connection with the Company's business.

10.5 Expenses of the Offer

The total estimated expenses of the Offer payable by the Company including ASX and ASIC fees, underwriting fees, accounting fees, legal fees, share registry fees, printing costs, stamp duty, public relations costs and other miscellaneous expenses are estimated to be approximately $3.6 million.

10.6 Electronic Prospectus

This Prospectus is available in electronic form at www.nvcltd.com.au. Any person receiving this Prospectus electronically will, on request, be sent a paper copy of the Prospectus by the Company free of charge during the period of the Offer.

Applications must be made by completing a paper copy of the Application Form, or by completing the online Application Form accompanying the electronic version of this Prospectus which is available at www.nvcltd.com.au, and following the instructions on the online Application Form.

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that during the period of the Offer the electronic version of the Prospectus will be tampered with or altered in any way, the Company can not give any absolute assurance that this will not occur. Any investor in doubt about the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or a financial adviser.

10.7 Governing law

This Prospectus and the agreements that arise from acceptance of the Applications under this Prospectus are governed by the laws applicable in Queensland, and each Applicant under this Prospectus submits to the exclusive jurisdiction of the Courts of Queensland and the superior courts thereof.

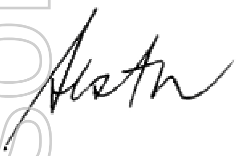
10.8 Privacy

When applying for Shares in the Company, Applicants will be asked to provide personal information to National Veterinary Care Ltd directly, and through the share registry, such as name, address, telephone and fax numbers, tax file number and account details. The Company and the share registry collect, hold and use that personal information to assess Applications, provide facilities and services to Applicants and undertake administration. Access to information may be disclosed by NVC to its agents and service providers on the basis that they deal with such information under the Privacy Act 1988 (Cth). Incomplete applications may not be processed. Under the Privacy Act 1988 (Cth), Applicants may request access to their personal information held by or on behalf of the Company by contacting the share registry.

10.9 Authorisation

This Prospectus is issued by the Company. Each Director has consented to the lodgment of the Prospectus with ASIC.

Dated: 23 July 2015



Susan Forrester
Chair

11 Glossary

Term	Definition
Acquisition Agreements	the various agreements entered into between NVC and/or a Related Body Corporate and the vendors of the Clinics
AEDT	Australian Eastern Daylight Savings Time
ANZ	Australian and New Zealand Banking Group Limited (ABN 11 005 357 522)
Applicant	a person or entity who submits an Application Form
Application Form	an application form attached to this Prospectus
Application Money	the money received by the Company pursuant to the Offer, being the Offer Price multiplied by the number of Shares for which an Applicant applies
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires)
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532
ASX Settlement Operating Rules	the ASX Settlement Operating Rules, being the operating rules of the Settlement Facility for the purposes of the Corporations Act
Board	the board of directors of the Company
Broker	any ASX participating organisation selected by the Joint Lead Managers and NVC to act as Broker to the Offer
Broker Firm Offer	Offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Brokers
CHESS	Clearing House Electronic Subregister System, operated by ASX Settlement
Clinics	General practice veterinary clinics and businesses involved in veterinary services (including pet crematoria and emergency centres)
Closing Date	the date on which the Offer closes, being 3 August 2015, or another date nominated by the Company
Company or NVC	National Veterinary Care Ltd ACN 166 200 059
Completion	completion in respect of the Aquisition Agreements, and Complete has a corresponding meaning
Consideration on Completion	that amount of consideration for Clinics within the Initial Portfolio payable at Completion under the Acquisition Agreements, as described in Sections 2.4 and 9.3
Constitution	the constitution of the Company as amended from time to time
Convertible Note Agreement	the agreements entered into with certain seed funders, the terms of which are summarised in Section 9.5
Corporations Act	*Corporations Act 2001* (Cth)
Deferred Consideration	that amount of consideration for 22 Clinics within the Initial Portfolio, payable or provided to vendors 24 months after Completion, in accordance with the Acquisition Agreements, as described in Sections 2.4 and 9.5
Directors	the directors of the Company
EBIT	earnings before interest and income tax
EBITDA	earnings before interest, income tax, depreciation and amortisation

Term	Definition
Enterprise Value	the sum of the market capitalisation of NVC at the Offer Price plus net debt less cash and cash equivalents, on a pro forma basis
Finance Facilities	the proposed finance facilities with ANZ comprising a $27 million Term Loan Facility and Working Capital Facility of $2.75 million. Refer to Section 4.13 for a summary of the indicative terms
Financial Information	the: • Historical Financial Information; and • Forecast Financial Information
Forecast Financial Information	together the: • statutory forecast income statements for the period 1 July 2015 to 30 June 2016 (the Statutory Forecast Income Statement); • pro forma forecast income statements for the period 1 July 2015 to 30 June 2016 (the Pro-Forma Income Statement); • statutory forecast cash flow statements for the period 1 July 2015 to 30 June 2016 (the Statutory Forecast Cash Flow Statement); and • pro forma forecast cash flow statements for the period 1 July 2015 to 30 June 2016 (the Pro-Forma Forecast Cash Flow Statement)
Forecast Period	Financial year ending 30 June 2016
FY16	Financial year ending 30 June 2016
Historical Financial Information	the pro forma historical aggregated statement of financial position as at 30 June 2015
IFRS	International Financial Reporting Standards
Initial Portfolio	the portfolio of Clinics which NVC has entered into contracts to acquire, the details of which are summarised in Section 2
Institutional Investor	an investor to whom offers or invitations in respect of securities may be made without the need for a disclosure document, including in Australia, persons to whom offers or invitations may be made without the need for a lodged prospectus under section 708(8) of section 708(1) of the Corporations Act, provided that such a person is not located in the United States and is not a US Person or acting for the account or benefit of a US person
Institutional Offer	the invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7
Investigating Accountant	HLB Mann Judd
Investigating Accountant's Report	the report prepared by HLB Mann Judd in Section 8
IPO Related Costs	certain costs associated with the Offer, including fees and costs payable under the Underwriting Agreement. Refer to Section 9.4
Joint Lead Managers	Shaw and Partners Corporate Finance Pty Limited and Wilson HTM Corporate Finance Ltd
Listing	the admission of the Company to the Official List of ASX and the Official Quotation of its Shares
Listing Rules	listing rules of ASX
Loan Share	Shares issued pursuant to the Plan. Refer to Section 9.9 of this Prospectus
Management	the management team of NVC
Mills Oakley	Mills Oakley Lawyers

Term	Definition
NPAT	net profit after tax
NPBT	net profit before tax
NVC	National Veterinary Care Ltd ACN 166 200 059
Offer	the offer of Shares under this Prospectus
Offer Price	$1.00 per Share
Official List	the official list of the ASX, of entities which have been admitted to, and not removed from, listing
Official Quotation	the quotation of Shares on ASX for trading purposes
Opening Date	the date on which the Offer opens, being 24 July 2015
Original Prospectus	the prospectus dated 9 July 2015 and lodged with ASIC on that date, which this Prospectus replaces
Personnel	employees and professional services contractors of the Company
Plan	the Company's Employee Incentive (Share Loan) Plan, a summary of which is contained in Section 9.9 of this Prospectus
Plan Rules	the rules relating to the Plan, a summary of which is contained in Section 9.9 of this Prospectus
Pro forma Balance Sheet	has the meaning given to that term in Section 4.1
Pro forma Cash Flow Statement	has the meaning given to that term in Section 4.1
Pro forma Income Statement	has the meaning given to that term in Section 4.1
Prospectus or Replacement Prospectus	this document (including the electronic form of the prospectus) and any supplementary or replacement prospectus in relation to this document
Quotation Date	the first date on which Shares are granted quotation on ASX
Related Body Corporate	has the meaning given to it in section 50 of the *Corporations Act 2001* (Cth)
Rights	rights to acquire a Plan Share. Refer to Section 9.9 of this Prospectus
Settlement Facility	has the meaning specified in the ASX Settlement Operating Rules
Shareholders	holders of Shares in the Company
Share	a fully paid ordinary share in the Company
Statutory Cash Flow Statement	has the meaning given to that term in Section 4.1
Statutory Income Statement	has the meaning given to that term in Section 4.1
Term Loan Facility	A new banking facility of $27 million to be provided by ANZ, the key terms of which are summarised in Section 4.13

Term	Definition
TSR	means Total Shareholder Returns, being (in respect of fully paid ordinary shares of the Company and each member of the Benchmark Group) capital gains plus the quantum of any dividends declared and paid over the TSR Assessment Period, where capital gains are measured on share price movement: • for the Company, based on the Offer Price and the share price of the Company's fully paid ordinary shares on the TSR Assessment Date; and • for each member of the Benchmark Group, based on the quoted share price of the fully paid ordinary shares of that member on Listing and the share price of the fully paid ordinary shares of that member on the TSR Assessment Date
Underwriters	Shaw and Partners Corporate Finance Pty Limited and Wilson HTM Corporate Finance Ltd, and 'Underwriter' means one of them
Veterinary Advisory Committee	the committee established by NVC, as described in Sections 2.2 and 2.7
Wellness Program	a client loyalty program providing discounted goods and services for an annual membership fee. See Section 2.2
Working Capital Facility	a new banking facility of $2.75 million to be provided by ANZ, the terms of which are summarised in Section 4.13
You	the investors under this Prospectus, and Your has a corresponding meaning

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National Veterinary Care

Excellence in Vet Care

ABN 17 166 200 059

Broker Code

Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Shares in National Veterinary Care Ltd under the Broker Firm Offer on the terms set out in the Replacement Prospectus dated 23 July 2015. You may apply for a minimum of $2,000 worth of Shares. This Application Form and your cheque or bank draft must be received by your Broker by the deadline set out in their offer to you.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Replacement Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Replacement Prospectus carefully before applying for Shares.

A Shares applied for , , at Price per Share **A$1.00** **B** Application Monies **A$** , , .

(minimum $2,000 worth of Shares)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

C Applicant #1

Surname/Company Name

Title First Name Middle Name

Joint Applicant #2

Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D TFN/ABN/Exemption Code

First Applicant Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

E **PLEASE COMPLETE ADDRESS DETAILS**

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

F CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

X

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

G Telephone Number where you can be contacted during Business Hours ( ) Contact Name (PRINT)

Cheques or bank drafts should be drawn up according to the instructions given by your Broker.

H Cheque or Bank Draft Number BSB - Account Number

Total Amount **A$** , , .

LODGEMENT INSTRUCTIONS

You must return your application so it is received by your Broker by the deadline set out in their offer to you.

NVC BRO001

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are National Veterinary Care Ltd ("NVC") Shares. Further details about the Shares are contained in the Replacement Prospectus dated 23 July 2015 issued by NVC. The Replacement Prospectus will expire 13 months from the date the Replacement Prospectus is lodged with ASIC. While the Replacement Prospectus is current, NVC will send paper copies of the Replacement Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Replacement Prospectus. This Application Form is included in the Replacement Prospectus.

The Replacement Prospectus contains important information about investing in the Shares. You should read the Replacement Prospectus before applying for Shares.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of $2,000 worth of Shares. You may be issued all of the Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

C Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, NVC will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E Please enter your postal address for all correspondence. All communications to you from NVC and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to NVC's issuer sponsored subregister.

G Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

H Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.

If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

National Veterinary Care

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ABN 17 166 200 059

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A Shares applied for at Price per Share **A$1.00** **B** Application Monies **A$**

(minimum $2,000 worth of Shares)

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Joint Applicant #2

Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D TFN/ABN/Exemption Code

First Applicant Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

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H Cheque or Bank Draft Number BSB - Account Number

Total Amount **A$**

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Corporate Directory

Company

National Veterinary Care Ltd
97 Albion Rd
Albion QLD 4010

Joint Lead Managers

Shaw and Partners Corporate Finance Pty Limited
Level 15
60 Castlereagh Street
Sydney NSW 2000

Wilson HTM Corporate Finance Ltd
Level 38, Riparian Plaza
71 Eagle Street
Brisbane QLD 4000

Investigating Accountant

HLB Mann Judd
Level 15, Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

Auditor

HLB Mann Judd (SE Qld Partnership)
Level 15, Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

Legal advisers

Mills Oakley Lawyers
Level 14
145 Ann Street
Brisbane QLD 4000

Ramsden Lawyers
Level 3 Oracle East
6 Charles Avenue
Broadbeach QLD 4218

Share Registry

Link Market Services
Level 15
324 Queen Street
Brisbane QLD 4000

National Veterinary Care

Excellence in Vet Care