3 September 2015

ASX Release

In compliance with item 14 of section 633 of the Corporations Act 2001 (Cth), Lasseters Corporation Limited (the **Company**) is pleased to provide its Target's Statement in response to the off market takeover bid by Kings Knight Capital Limited (**Kings Knight Capital**) pursuant to which Kings Knight Capital has offered to acquire all of the issued shares of the Company (the **Offer**).

The Target's Statement sets out the Company Board's reasons for unanimously recommending that shareholders in the Company **ACCEPT** the Offer in the absence of a superior proposal, and other information that is material to shareholders in their assessment of the Offer.

No director of the Company owns any shares in the Company nor intends to acquire any shares which may participate in the Offer. Lasseters International Holdings Limited (**LIH**) and Lasseters Interactive Gaming Pte Limited (**LIG**) together own approximately 73.36% of the shares in the Company. Dato' Kamal Y P Tan, Dato' Jaya J B Tan and Tan San Chuan, who are all directors of the Company as well as directors of LIH and LIG, have informed the Company that it is the intention of LIH and LIG to accept the Offer only in respect of shares representing 50.1% of the issued shares in the Company (however LIH and LIG may decide to accept the Offer for greater than 50.1% of the issued shares during the offer period). This is acknowledged in the Bid Implementation Agreement and more information is provided in the Target's Statement.

As at the date of the Target's Statement, one of the Lasseters Directors, Dato' Kamal Y P Tan, holds more than 20% of the shares in LIH. Accordingly, Dato' Kamal Y P Tan is deemed to have a relevant interest in all of the Company shares held by LIH and LIG. Therefore, for disclosure purposes, Dato' Kamal Y P Tan has a deemed relevant interest in approximately 73.36% of the Company's issued shares.

LASSETERS CORPORATION LIMITED
ABN 48 083 201 923

93 Barrett Drive, Alice Springs NT 0870
Phone: (08) 8950 7776 Fax: (08) 8953 2565

The Target's Statement includes the Independent Expert's Report by Nexia Court Financial Solutions Pty Ltd.

The Target's Statement has or will be served on Kings Knight Capital and lodged with the Australian Securities and Investments Commission today. It will be sent to Company shareholders shortly.

By Order of the Board
LASSETERS CORPORATION LIMITED



BENJAMIN INGLIS
Company Secretary

For further information, please contact:
Benjamin.Inglis@lasseters.com.au

LASSETERS CORPORATION LIMITED
ABN 48 083 201 923

93 Barrett Drive, Alice Springs NT 0870
Phone: (08) 8950 7776 Fax: (08) 8953 2565

TARGET'S STATEMENT

of Lasseters Corporation Limited (ABN 48 083 201 923)

in response to the Offer by Kings Knight Capital Limited (BVI Company Number 1868479)

to acquire all of your ordinary shares in Lasseters Corporation Limited for $0.00524976 cash per Lasseters Share

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Your Directors unanimously recommend that you

ACCEPT the Offer

in the absence of a Superior Proposal

The Independent Expert appointed by Lasseters has concluded that the Offer is fair and reasonable to Lasseters Shareholders

This document contains important information and requires your immediate attention.

This document should be read in its entirety. If you do not understand it or are in doubt as to how to deal with it you should consult your professional advisers without delay.

Legal adviser to Lasseters:

MILLS OAKLEY LAWYERS

IMPORTANT NOTICES

Nature of this document

This Target's Statement is dated 3 September 2015 and is given under Part 6.5 of the *Corporations Act 2001* (Cth) by Lasseters Corporation Limited (ABN 48 083 201 923) (**Lasseters**) in response to the Bidder's Statement from Kings Knight Capital Limited (BVI Company Number 1868479) (**Kings Knight Capital**). You should read this Target's Statement in its entirety.

Australian Securities and Investments Commission (ASIC) and ASX

A copy of this Target's Statement was lodged with ASIC and provided to the ASX on 3 September 2015. Neither ASIC, ASX nor any of their officers takes any responsibility for the content of this Target's Statement.

Investment Decision

This Target's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Lasseters Shareholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Lasseters Shares.

Definitions and Interpretation

Unless the contrary intention appears, terms used in this Target's Statement are defined in section 10 of this document. In addition, unless the contrary intention appears or the context otherwise requires, words and phrases used in this document have the same meaning and interpretation as in the Corporations Act.

Responsibility Statement

The information in this Target's Statement relating to Kings Knight Capital and relating to the Bidder's Statement has been prepared by Lasseters using publicly available information and limited non-public information made available to Lasseters by Kings Knight Capital. Information in this Target's Statement about Kings Knight Capital has not been independently verified by Lasseters. Accordingly, Lasseters does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The Independent Expert's Report has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes full responsibility for that report. A full version of the Independent Expert's Report is set out in Annexure A to this Target's Statement. None of Lasseters, Kings Knight Capital nor any of their respective officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report, except, in the case of Lasseters and Kings Knight Capital, in relation to the information given by them respectively to the Independent Expert (if any).

Forward Looking Statements

This Target's Statement may contain forward looking statements. Such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Lasseters is involved as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Lasseters, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood in any forward looking statement, and you should not place undue reliance on these statements. Any forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Privacy

Lasseters has collected your information from the register of Lasseters Shareholders for the purposes of providing you with this Target's Statement. The type of information Lasseters has collected about you includes your name, contact details and information on your shareholdings in Lasseters. Without this information, Lasseters would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the names and addresses of Lasseters Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Lasseters and its related bodies corporate, and holders of Lasseters Shares and external service providers, and may be required to be disclosed to regulators, such as ASIC.

Foreign Jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

How to accept the Offer

To accept the Offer you must follow the instructions set out in section 9.4 of the Bidder's Statement and the Acceptance Form enclosed with the Bidder's Statement. Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period.

Offer information line

If you have any questions about the Offer, please call the Offer information line on 1800 132 875 (from within Australia) or +61 1800 132 875 (from outside Australia) between 8.30am and 5.30pm (AEST) on any Business Day.

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Key Dates

Announcement Date	18 August 2015
Date of the Offer	31 August 2015
Date of this Target's Statement	3 September 2015
Closing date of the Offer (unless extended or withdrawn)	7.00pm (Sydney time) on 30 September 2015

Chairman's Letter

3 September 2015

Dear Lasseters Shareholder,

On 18 August 2015, the Board of Lasseters Corporation Limited (**Lasseters**) announced that it had entered into a Bid Implementation Agreement with Kings Knight Capital Limited (**Kings Knight Capital**) pursuant to which Kings Knight Capital will offer to acquire all of the issued shares of Lasseters by way of an off-market takeover bid (the **Offer**).

Under the terms of the Offer, Lasseters Shareholders will receive consideration equal to A$0.00524976 cash per Lasseters Share, subject to the satisfaction or waiver of the conditions of the Offer. You may accept the Offer for all or only some of the shares which you own.

The Lasseters Directors unanimously recommend that you ACCEPT the Offer for all of your Lasseters Shares, in the absence of a Superior Proposal.

As at the date of this Target's Statement, no Superior Proposal has emerged for your Lasseters Shares.

Also, Nexia Court Financial Solutions Pty Ltd, the Independent Expert appointed by Lasseters, has determined that the terms of the Offer are fair and reasonable. The Independent Expert's Report is attached as Annexure A to this Target's Statement.

No Lasseters Director owns or controls any Lasseters Shares in their personal capacity nor intends to acquire or control any Lasseters Shares in their personal capacity. However, some of the Lasseters Directors are also directors of the Lasseters Group Shareholders and the Lasseters Group Shareholders together presently own approximately 73.36% of the Lasseters Shares. Currently, it is the intention of the Lasseters Group Shareholders to collectively accept the Offer only in respect of shares representing 50.1% of the issued Lasseters Shares, however the Lasseters Group Shareholders may decide to accept the Offer for greater than 50.1% of the issued Lasseters Shares held by them during the Offer Period.

Some of the reasons for this recommendation are as follows:

1. the Lasseters Directors unanimously support the Offer;
2. the Independent Expert has concluded that the Offer is fair and reasonable;
3. the cash Offer provides certain value for your Lasseters Shares, and the opportunity to realise all or part of your entire investment in Lasseters Shares;
4. if Kings Knight Capital obtains control of Lasseters, it intends to replace the Lasseters Board with Kings Knight Capital nominees;
5. there are no Superior Proposals; and
6. no brokerage fees are payable if you accept the Offer.

These reasons are set out in more detail in section 1.2 of this Target's Statement.

The Lasseters Directors strongly recommend that you carefully review and consider the information and their recommendation, along with the Independent Expert's Report, contained in this Target's Statement.

To accept the Offer, you should complete and submit the Acceptance Form in accordance with the instructions in the Bidder's Statement, which you will have received from Kings Knight Capital.

If you have any questions regarding the Offer or the takeover process, we encourage you to call the Offer information line on 1800 132 875 (from within Australia) or +61 1800 132 875 (from outside Australia) between 8.30am and 5.30pm (AEST).

Yours sincerely,



Dato' Jaya J B Tan
Chairman

1 REASONS WHY YOU SHOULD ACCEPT THE OFFER

1.1 Introduction

Your Lasseters Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal. Your Lasseters Directors consider the following reasons are relevant in relation to your decision to accept or not to accept the Offer. However, Lasseters Shareholders should consider seeking professional advice on their particular circumstances, as appropriate.

1.2 Why you should accept the Offer

(a) **The Lasseters Directors unanimously support the Offer**

The Lasseters Directors have unanimously formed the view that the Offer is in the best interests of Lasseters Shareholders and recommend that Lasseters Shareholders accept the Offer, in the absence of a Superior Proposal.

No Lasseters Director owns or controls any Lasseters Shares in their personal capacity nor intends to acquire or control any Lasseters Shares in their personal capacity. However, you should note that the Lasseters Group Shareholders together presently own approximately 73.36% of the Lasseters Shares and it is the intention of the Lasseters Group Shareholders to accept the Offer only in respect of shares representing 50.1% of the Lasseters Shares. (However the Lasseters Group Shareholders may decide to accept the Offer for greater than 50.1% of issued Lasseters Shares held by them during the Offer Period.)

(b) **The Independent Expert appointed by Lasseters has concluded that the Offer is fair and reasonable**

The Independent Expert, Nexia Court Financial Solutions Pty Ltd, has concluded that the transaction contemplated by the Offer is fair and reasonable to Lasseters Shareholders.

The Independent Expert's Report is set out in Annexure A to this Target's Statement. The Lasseters Directors encourage you to read the report in full before deciding whether or not to accept the Offer.

(c) **The cash Offer provides certain value for your Lasseters Shares, and the opportunity to realise all or part of your entire investment in Lasseters Shares**

Lasseters Shares have been suspended from trading on ASX since 9 September 2008. The closing price on the last day on which Lasseters Shares traded on ASX (on 2 September 2008) was $0.01.

Kings Knight Capital is offering $0.00524976 cash for each Lasseters Share you own, subject to satisfaction or waiver of the Conditions. The Offer provides you with certainty of value and realisation of cash consideration for your Lasseters Shares.

If you do not accept the Offer, the value that you may realise (if any) and the timing of that realisation, are uncertain. Because the Lasseters Group Shareholders intend to accept the Offer in respect of shares representing 50.1% of the Lasseters Shares, provided all Conditions are either satisfied or waived, it is likely that Kings Knight Capital will hold greater than 50.1% of all Lasseters Shares and will Control Lasseters.

(d) **If Kings Knight Capital obtains control of Lasseters, it intends to replace the Lasseters Board with Kings Knight Capital nominees**

If Kings Knight Capital acquires greater than 50% of Lasseters, it intends to replace the Lasseters Directors with directors nominated by Kings Knight Capital (in accordance with the terms of the Bid Implementation Agreement).

If you do not accept the Offer for all of your Lasseters Shares, you will be a minority shareholder of Lasseters. If Kings Knight Capital obtains control of Lasseters, Kings Knight Capital intends to operate the Lasseters business as a controlled subsidiary,

subject to the law and the ASX Listing Rules, and the interests of Kings Knight Capital may differ from your interests as a minority shareholder.

(e) **There are no Superior Proposals**

At the date of this Target's Statement, the Lasseters Directors are not aware of any alternative offers or approaches by potential acquirers of Lasseters. In the absence of a Superior Proposal, Lasseters Shareholders are unlikely to realise their Lasseters Shares for an amount in excess of the consideration offered pursuant to the Offer in the foreseeable future.

(f) **No brokerage fees are payable if you accept the Offer**

If you accept the Offer, you will be paid $0.00524976 cash per Lasseters Share (subject to the Conditions being satisfied or waived).

If your Lasseters Shares are registered in an Issuer Sponsored Holding in your name you will not incur any brokerage fees in connection with accepting the Offer. If your Lasseters Shares are registered in a CHESS Holding or in the name of a broker, custodian or other nominee you should check with your broker, custodian or nominee whether any fees will be payable in connection with accepting the Offer.

2 FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Lasseters Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
What is Kings Knight Capital's Offer for my Lasseters Shares?	Kings Knight Capital has made a conditional Offer of $0.00524976 cash for each Lasseters Share you own.
What choices do I have as a Lasseters Shareholder?	As a Lasseters Shareholder you can: ▪ accept the Offer for all of the Lasseters Shares you hold; ▪ accept the Offer for only some of the Lasseters Shares you hold; or ▪ reject the Offer by taking no action. A summary explanation of each of these choices is set out in section 3 of this Target's Statement.
What are the Lasseters Directors recommending?	The Lasseters Directors unanimously recommend you ACCEPT the Offer in the absence of a Superior Proposal.
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the transaction contemplated by the Offer is fair and reasonable to Lasseters Shareholders. Please see Annexure A for a copy of the full Independent Expert's Report.
What is the Target's Statement?	The law requires a company that has received a takeover offer to produce a target's statement in response to the Offer. This Target's Statement is made in response to the Bidder's Statement from Kings Knight Capital and relates to the offer constituting a takeover bid for the acquisition of Lasseters Shares. This Target's Statement contains information to help you decide whether or not to accept the Offer for your Lasseters Shares under the Takeover Bid.
What is the Bidder's Statement?	The Bidder's Statement contains information on the Offer and the law requires Kings Knight Capital, the bidder, to send it to you. The Bidder's Statement has been sent by Kings Knight Capital to Lasseters Shareholders.

Question	Answer
What are the Lasseters Directors doing with their Lasseters Shares?	No Lasseters Director owns or controls any Lasseters Shares in their personal capacity nor intends to acquire or control any Lasseters Shares in their personal capacity. However, some of the Lasseters Directors are also directors of the Lasseters Group Shareholders. The Lasseters Group Shareholders together presently own approximately 73.36% of the Lasseters Shares. Currently, it is the intention of the Lasseters Group Shareholders to collectively accept the Offer only in respect of shares representing 50.1% of the Lasseters Shares, however during the Offer Period the Lasseters Group Shareholders may decide to accept the Offer for greater than 50.1% of the issued Lasseters Shares held by them.
How do I accept the Offer?	Details of how to accept the Offer are set out in section 9.4 of the Bidder's Statement and in the Acceptance Form accompanying the Bidder's Statement.
If I accept the Offer, can I withdraw my acceptance?	If you have accepted the Offer and the Offer is extended by more than one month prior to the date on which the Offer becomes Unconditional, you will be entitled to withdraw your acceptance of the Offer. In this circumstance, Kings Knight Capital will notify you of both the extension of the Offer and your right to withdraw your acceptance of the Offer.
What happens if there is a Superior Proposal for Lasseters?	As at the date of this Target's Statement, there is no superior competing proposal to acquire Lasseters Shares. However, if a Superior Proposal for Lasseters emerges, Lasseters Shareholders will be informed through an announcement to ASX. The Lasseters Directors will carefully reconsider the Offer and advise you of their recommendation. If you have already accepted the Offer at the time that a Superior Proposal emerges, you will be unable to accept the Superior Proposal unless the Offer lapses.
Can the Offer Period be extended?	Kings Knight Capital may, in its sole discretion, extend the Offer Period in accordance with the Corporations Act. In addition, there will be an automatic extension of the Offer Period if within the last 7 days of the Offer Period: ▪ Kings Knight Capital improves the consideration offered under the Offer; or ▪ Kings Knight Capital's voting power in Lasseters Shares increases to more than 50%. If either of these events occurs, the Offer Period will be automatically extended so that it ends 14 days after the date on which the event occurs.

Question	Answer
What are the conditions to the Offer?	The full list of conditions to the Offer is set out in Schedule 1 of the Bid Implementation Agreement and section 10 of the Bidder's Statement. In summary, the Offer is subject to the following Conditions: ▪ a minimum acceptance of 50.1% of the Lasseters's Shares on issue; ▪ no prescribed occurrences in relation to Lasseters or the Lasseters Shares occurring (such as changes to Lasseters' share capital or insolvency of Lasseters); ▪ no regulatory decision being made that materially adversely affects the Offer; ▪ no material acquisitions, disposals or new commitments by the Lasseters; and ▪ forgiveness of Lasseters' intercompany debt by entities associated with the Lenders.
What happens if the conditions of the Offer are not satisfied or waived?	If the conditions attached to the Offer are not satisfied or waived by the end of the Offer Period, your acceptance of the Offer will not result in a binding contract, and cannot be enforced against you.
Can I be forced to sell my Lasseters Shares?	You cannot be forced to sell your Lasseters Shares unless Kings Knight Capital acquires a Relevant Interest in at least 90% of all Lasseters Shares. Then (and subject to certain legal requirements), Kings Knight Capital will be entitled to proceed to compulsory acquisition of the Lasseters Shares held by Lasseters Shareholders who did not accept the takeover bid. However, Kings Knight Capital have stated in the Bidder's Statement that it is **not** their present intention to exercise this right.
When will I be sent my consideration if I accept the Offer?	If you accept the Offer, and the Offer becomes Unconditional, you will receive the Offer Consideration to which you are entitled on the day which is no later than the earlier of: ▪ one month of the later of the date you accept the Offer and the date the Offer becomes Unconditional; and ▪ 21 days after the end of the Offer Period.
What are the tax implications of accepting the Offer?	Section 8 of the Bidder's Statement contains a general summary of the Australian income tax, stamp duty and GST implications for Lasseters Shareholders who accept the Offer. However, the taxation consequences of accepting the Offer will depend on a number of factors and will vary depending on your individual circumstances. You should seek independent tax advice before deciding whether to accept the Offer.

Question	Answer
How do I obtain further information about the Offer?	If you have any questions regarding the Offer or the takeover process, we encourage you to call the Offer information line on 1800 132 875 (from within Australia) or +61 1800 132 875 (from outside Australia) between 8.30am and 5.30pm (AEST). We also recommend that you seek legal, financial and/or taxation advice from your professional advisers if you have any additional questions about the Offer or the takeover process.

3 YOUR CHOICES AS A LASSETERS SHAREHOLDER

The Lasseter Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Lasseters Shares.

As a Lasseters Shareholder, you currently have the following three choices available to you:

1. CHOICE 1: ACCEPT THE OFFER FOR ALL OF YOUR LASSETERS SHARES

You may choose to accept the Offer for all of your Lasseters Shares. This is the approach unanimously recommended by your Lasseters Directors in the absence of a Superior Proposal.

Details of the Offer Consideration that you will receive if you accept the Offer are set out in section 7.1 as well as in the Bidder's Statement. You will only receive the Offer Consideration if the conditions of the Offer are all either satisfied or waived.

The consequences of accepting the Offer are discussed in section 9.6 of the Bidder's Statement. If you accept the Offer for all of your Lasseters Shares, you may have a right to withdraw that acceptance in limited circumstances. The circumstances in which acceptances of the Offer may be withdrawn are set out in sections 2.11 and 9.9 of the Bidder's Statement.

Details on how to accept the Offer are set out in the Bidder's Statement and the Acceptance Form provided to you by Kings Knight Capital.

2. CHOICE 2: ACCEPT THE OFFER FOR ONLY SOME OF YOUR LASSETERS SHARES

You may choose to accept the Offer for some but not all of your Lasseters Shares. If you accept the Offer for only some of your Lasseters Shares, you will remain a Lasseters Shareholder in relation to the remaining Lasseters Shares, and will not be eligible to receive the Offer Consideration for the Lasseters Shares which you retain.

3. CHOICE 3: TAKE NO ACTION

If you do not wish to sell your Lasseters Shares and do not wish to accept the Offer, you should take no action. You should note that:

(a) if you choose not to accept the Offer, Kings Knight Capital will not be able to acquire your Lasseters Shares unless the Offer is Unconditional and Kings Knight Capital holds 90% of the Lasseters Shares at the end of the Offer Period. In this event, Kings Knight Capital will become entitled to compulsorily acquire those Lasseters Shares that it does not already own, however at present it does not intend to exercise this right (see section 7.9 of this Target's Statement and section 7.2 the Bidder's Statement for further information regarding compulsory acquisition);

(b) if Kings Knight Capital acquires more than 50% but less than 90% of the Lasseters Shares and all of the Conditions are satisfied or waived, and you continue to hold Lasseters Shares, you will be exposed to the risks associated with being a minority shareholder of Lasseters. Some of these risks are explained in section 7.10 of this Target's Statement; and

(c) if the Offer fails and there are no other offers for Lasseters, Lasseters will remain a listed public company that is suspended from quotation on ASX. If this occurs, the Lasseters Directors will continue their efforts to restore active business activities of Lasseters for the benefit of Lasseters Shareholders.

4 LASSETERS' DIRECTORS RECOMMENDATION, INTENTIONS AND INTERESTS

4.1 Directors recommendation

Having considered the terms of the Offer and the matters discussed in this Target's Statement (including the Independent Expert's Report), each of the Lasseters Directors feels justified in making the following recommendation in relation to the Offer:

Each of the Directors recommends that you ACCEPT the Offer, in the absence of a Superior Proposal.

In considering whether you wish to follow that recommendation, you should:

(a) read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;

(b) consider your individual risk profile, portfolio strategy, tax position and financial circumstances;

(c) consider your choices set out in section 3 of this Target's Statement; and

(d) consult with your legal, financial or other professional adviser if you believe that is necessary.

4.2 Directors intentions

No Lasseters Director owns or controls any Lasseters Shares in their personal capacity nor intends to acquire or control any Lasseters Shares in their personal capacity.

However, the Lasseters Group Shareholders together presently own approximately 73.36% of the Lasseters Shares. Dato' Jaya J B Tan, Dato' Kamal Y P Tan and Tan San Chuan, who are all directors of Lasseters as well as directors of the Lasseters Group Shareholders, have informed Lasseters that it is the intention of the Lasseters Group Shareholders to accept the Offer only in respect of shares representing 50.1% of the issued Lasseters Shares (however the Lasseters Group Shareholders may decide to accept the Offer for greater than 50.1% of issued Lasseters Shares held by them during the Offer Period).

4.3 Interest and dealings in Lasseters Shares by Lasseters Directors

In addition to the directorships described in section 4.2 above, each of those directors has shareholdings in Lasseters International Holdings Limited, which is the ultimate parent company of Lasseters. As well as its direct holding of 2.05% of Lasseters Shares, Lasseters International Holdings Limited owns 100% of the shares in Lasseters Interactive Gaming Pte Ltd, which owns 71.31% of the Lasseters Shares. Accordingly, each of those three directors have a personal economic interest (through their shareholding) in the decision of the Lasseters Group Shareholders to participate in the Offer.

As at the date of this Target's Statement, one of the Lasseters Directors, Dato' Kamal Y P Tan, holds more than 20% of the shares in Lasseters International Holdings Limited. Accordingly, Dato' Kamal Y P Tan is deemed to have a Relevant Interest in all of the Lasseters Shares held by the Lasseters Group Shareholders. Therefore, for disclosure purposes, Dato' Kamal Y P Tan has a deemed Relevant Interest in approximately 73.36% of the Lasseters Shares.

No Lasseters Director has acquired or disposed of a Relevant Interest in any Lasseters Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

4.4 Interest and dealings in Kings Knight Capital Shares by Directors

As at the date immediately before the date of this Target's Statement, neither Lasseters nor any Director had a Relevant Interest in any Kings Knight Capital Shares.

No Lasseters Director has acquired or disposed of a Relevant Interest in any Kings Knight Capital Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

4.5 Benefits and agreements

(a) **No benefits in connection with retirement from office**

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the Board or managerial office of Lasseters or a related body corporate of Lasseters.

(b) **No agreements connected with or conditional on the Offer**

There are no agreements made between any director of Lasseters and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Lasseters Shares.

(c) **No benefits from Kings Knight Capital**

None of the Directors has agreed to receive, or is entitled to receive, any benefit from Kings Knight Capital which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Lasseters Shares.

(d) **No interests of Directors in contracts with Kings Knight Capital**

None of the Directors has any material interest in any contract entered into by Kings Knight Capital.

5 INFORMATION ABOUT LASSETERS

5.1 Overview of Lasseters

Lasseters is an Australian ASX listed company. Lasseters Shares have been suspended from trading on ASX since 9 September 2008. Lasseters is a dormant company and is not currently involved in any business activities.

5.2 Capital structure

As at the date of this Target's Statement, the capital structure of Lasseters is as follows:

Class	Number
Ordinary shares	155,801,464

5.3 Substantial shareholders

As at the Business Day prior to the date of this Target's Statement, the substantial shareholders of Lasseters are as follows:

Shareholder	Lasseters Shares	Percentage interest
Lasseters Interactive Gaming Pte Ltd	111,098,881	71.31%
Sean Jen-Hin Lim	15,801,480	10.14%
Lasseters International Holdings Ltd	3,192,000	2.05%

5.4 Lasseters Directors

As at the date of this Target's Statement, the directors of Lasseters are as follows:

- Dato' Jaya J B Tan;
- Data' Kamal Y P Tan;
- San Chuan Tan; and
- Benjamin Scott Inglis.

5.5 Publicly available information

As an ASX listed company, Lasseters is subject to the periodic and continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. Lasseters released its Preliminary Final Report for the year ended 30 June 2015 to the ASX on 27 August 2015.

6 INFORMATION ABOUT KINGS KNIGHT CAPITAL

6.1 Overview of Kings Knight Capital

Kings Knight Capital, the bidder, is a BVI Business Company incorporated in the Territory of the British Virgin Islands and is wholly-owned by Mr Ming-Hsien Tsai. Kings Knight Capital was incorporated on 31 March 2015 for the purpose of making the Takeover Bid.

6.2 Sole Director

As at the date of this Target's Statement, Mr Ming-Hsien Tsai is the sole director of Kings Knight Capital.

Mr Tsai Ming Hsien, aged 44, is a Taiwan, ROC National who has over 15 years of experience in the tourism, leisure and gaming industries in Macau, S.A.R China. He has significant experience in Macau's VIP gaming sector including dealings with three prominent casinos in Macau, namely Four Seasons Casino, MGM Casino and Sands Cotai Strip. As a result of his business experiences, Mr Tsai has extensive business networks and has earned a good reputation in the island gaming industry.

7 INFORMATION ABOUT THE OFFER

7.1 The Offer

On 18 August 2015, Lasseters and Kings Knight Capital announced the Offer, being an offer to Lasseters Shareholders to acquire all of the Lasseters Shares.

The Offer is being made to each holder of Lasseters Shares registered in the register of Lasseters Shareholders at 5.00pm (Sydney time) on the record date, being 27 August 2015.

The Offer is to acquire all or any of your Lasseters Shares, including any Rights attaching to them.

The consideration being offered to you under the Offer is $0.00524976 for each Lasseters Share you hold.

The Offer Consideration will only become payable to you if all of the Conditions are either satisfied or waived. A full list of the Conditions is set out in Schedule 1 of the Bid Implementation Agreement and section 10 of the Bidder's Statement. In summary they include:

(a) a minimum acceptance of 50.1% of the Lasseters's Shares on issue;

(b) no prescribed occurrences in relation to Lasseters or the Lasseters Shares occurring (such as changes to Lasseters' share capital or insolvency of Lasseters);

(c) no regulatory decision being made that materially adversely affects the Offer;

(d) no material acquisitions, disposals or new commitments by the Lasseters; and

(e) forgiveness of Lasseters' intercompany debt by entities associated with the Lenders.

7.2 Offer Period

The Offer is dated 31 August 2015 (being the date on which the first of the Offers were sent to Lasseters Shareholders) and is scheduled to close within the timeframe set out in the Bidder's Statement (being 7.00pm on 30 September 2015), unless Kings Knight Capital extends the Offer Period in accordance with the Corporations Act.

Kings Knight Capital may be able to withdraw its Offer with the written consent of ASIC, subject to the conditions (if any) specified in such consent.

7.3 Void contracts

The Offer will lapse if, at the end of the Offer Period, the Conditions to which the Offer is subject are not satisfied or waived. If this occurs then any contracts resulting from acceptance of the Offer by Lasseters Shareholders will become void. If the Offer lapses then Lasseters Shareholders who have accepted the Offer will continue to own the Lasseters Shares that are the subject of any such acceptances.

In relation to any of the Conditions relating to the happening of a prescribed occurrence, Kings Knight Capital has an additional 3 Business Days after the end of the Offer Period to free the Offer and all contracts resulting from the acceptance of the Offer from such Conditions. If this is the case, all contracts resulting from the acceptance of Offers and all Offers that have been accepted from which binding contracts have not yet resulted will be void after the expiry of the additional 3 Business Days. In that event Kings Knight Capital will, if you have accepted the Offer, return at your risk your Acceptance Form together with all documents forwarded by you with the Acceptance Form to your address shown in the Acceptance Form.

All Offers which are unaccepted by Lasseters Shareholders will automatically lapse at the end of the Offer Period.

7.4 Consequences of Conditions not being satisfied

There is a risk that some of the conditions of the Offer may not be satisfied or waived. You should be aware that, even if the Conditions of the Offer are not satisfied or are triggered, as

appropriate, they may be waived by Kings Knight Capital. If any Condition is unsatisfied or has been triggered and has not been waived, Kings Knight Capital can decide whether or not to proceed with the acquisition of Lasseters Shares under its Offer or allow its Offer to lapse as a result of unsatisfied Conditions.

7.5 Notice of status of Conditions

Kings Knight Capital needs to give Lasseters a notice of the status of the Conditions by no later than seven days prior to the end of the Offer Period. Kings Knight Capital is required to set out in this notice:

(a) whether the Offer is free of any or all of the Conditions;

(b) whether, so far as Kings Knight Capital knows, any of the Conditions have been fulfilled on the date the notice was given; and

(c) Kings Knight Capital's then current voting power in Lasseters.

If the Offer Period is extended before the time by which that notice is to be given, the date that Kings Knight Capital must give its notice of status of the Conditions will be taken to be postponed for the same period. In the event of such an extension, Kings Knight Capital is required, as soon as reasonably practicable after the extension, to give a notice to the ASX and Lasseters that states the new date for giving the notice.

In addition, if a Condition is fulfilled during the Offer Period but before the date on which the notice of status of the Conditions is required to be given, Kings Knight Capital must, as soon as practicable, give the ASX and Lasseters a notice that states that the particular condition has been fulfilled.

7.6 Extension of the Offer Period

Kings Knight Capital may, in its sole discretion, extend the Offer Period in accordance with the Corporations Act.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period, Kings Knight Capital improves the consideration under the Offer or Kings Knight Capital' voting power in Lasseters increases to more than 50%. If either of these two events occurs within the last seven days of the Offer Period, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

7.7 Effects of accepting the Offer

The effects of accepting the Offer are set out in section 9.6 of the Bidder's Statement. You should read that section of the Bidder's Statement in full to understand the effect that accepting the Offer will have on your ability to exercise the Rights attaching to your Lasseters Shares and the representations and warranties you will be giving by accepting the Offer.

7.8 Right to withdraw your acceptance of the Offer

If you accept the Offer for your Lasseters Shares, you will have a right to withdraw your acceptance in some circumstances. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act. In summary, under the Corporations Act, you may withdraw your acceptance of the Offer if the Offer is conditional and Kings Knight Capital varies its Offer in a way that postpones, for more than one month, the time when Kings Knight Capital needs to meet its obligations under the Offer. This will occur if Kings Knight Capital extends the Offer Period by more than one month and the Offer is still subject to Conditions. In those circumstances, you will have a period of one month after the date that the Offer is extended to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you will receive further statutory withdrawal rights (that is, a further month long withdrawal right for each and every extension thereafter provided the Offer is still conditional).

If Kings Knight Capital improves the Offer Consideration, all Lasseters Shareholders who accept the Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved consideration.

7.9 Implications if Kings Knight Capital acquires 90% or more of the Lasseters Shares

Section 7.2 of the Bidder's Statement sets out the intentions of Kings Knight Capital should it acquire 90% or more of the Lasseters Shares.

Kings Knight Capital may compulsorily acquire all remaining Lasseters Shares under Part 6A.1 of the Corporations Act if, by the end of the Offer Period, Kings Knight Capital acquires a Relevant Interest in at least 90% or more of the Lasseters Shares and has acquired 75% of the Lasseters Shares which Kings Knight Capital offered to acquire under the Offer.

Kings Knight Capital has stated in its Bidder's Statement that it **does not** intend to compulsorily acquire the remaining Lasseters Shares if it becomes entitled to do so.

Please read section 7.2 of the Bidder's Statements for a full description of King Knight Capital's intentions should it acquire 90% of more of the Lasseters Shares (including in relation to Lasseters Directors and Lasseters' ASX listing, operations, assets and employees).

7.10 Implications if Kings Knight Capital acquires less than 90% of the Lasseters Shares

In section 7.3 of the Bidder's Statement, Kings Knight Capital sets out its intentions if it were to and gain effective control of Lasseters, but not receive sufficient acceptances to proceed to compulsory acquisition.

If Kings Knight Capital obtains a majority shareholding in Lasseters of less than 90%, those Lasseters Shareholders who do not accept the Offer will become minority shareholders in Lasseters. This has a number of possible implications, including:

(a) Kings Knight Capital will be in a position to cast the majority of votes at a general meeting of Lasseters. This will enable it to control the composition of the Lasseters Board and senior management, and control the strategic direction of the businesses of Lasseters and its subsidiaries, subject to the fiduciary duties of the newly composed Lasseters Board; and

(b) under the Bid Implementation Agreement, if the Offer is Unconditional and Kings Knight Capital has received acceptances of more than 50% of the Lasseters Shares, Kings Knight Capital may appoint its nominees to the Lasseters Board (provided that such appointees do not participate in decisions of Lasseters or the Lasseters Board in relation to the Offer under after the end of the Offer Period).

Please read section 7.3 of the Bidder's Statement for a full description of King Knight Capital's intentions should it acquire less than 90% of more of the Lasseters Shares (including in relation to Lasseters Directors and Lasseters' ASX listing, operations, assets and employees).

7.11 Certain overseas residents

The Bidder's Statement states that if at the time you accept the Offer, or at the time consideration is provided under it, you are resident in or a resident of a place, or you are a person to whom or to whose assets:

(a) the *Banking (Foreign Exchange) Regulations 1959* (Cth) or any instrument issued under those regulations;

(b) any regulations made under the *Charter of the United Nations Act 1945* (Cth), including the Charter of the United Nations (Dealing With Assets) Regulations 2008 (Cth); or

(c) any other law of Australia or elsewhere that would make it unlawful for Kings Knight Capital to provide consideration for your Lasseters Shares,

apply, then your acceptance of the Offer does not create or transfer to you any right (including any contractual or contingent right) to receive payment under the Offer unless and until all requisite authorities and clearances have been obtained by you in favour of Kings Knight Capital.

7.12 Governing law

The Offer and any contract resulting from your acceptance of the Offer are governed by the laws in force in New South Wales.

8 ADDITIONAL INFORMATION

8.1 Bid Implementation Agreement

As announced on 18 August 2015, Lasseters and Kings Knight Capital have entered into a Bid Implementation Agreement in relation to the Offer. A full copy of the Bid Implementation Agreement was announced by both Lasseters and Kings Knight Capital to ASX and is available on the ASX website www.asx.com.au.

Below is a summary of certain key terms of the Bid Implementation Agreement.

(a) **Takeover Bid**

Kings Knight Capital has agreed to make the Offer to all Lasseters Shareholders in respect of all of their Lasseters Shares. The Offer permits Lasseters Shareholders to accept for all or any of their Lasseters Shares.

(b) **Offer Consideration**

The Takeover Bid will comprise the acquisition of all Lasseters Shares for consideration equal to $0.00524976 cash for each Lasseters Share by an accepting Lasseters Shareholder (with the total amount payable rounded up to the nearest cent).

(c) **Offer conditions**

The Offer and any contracts resulting from acceptance of the Offer will be subject to the Conditions being satisfied or waived before to the end of the Offer Period.

In summary, the Conditions are as follows:

- a minimum acceptance of 50.1% of the Lasseters's Shares on issue;
- no prescribed occurrences in relation to Lasseters or the Lasseters Shares occurring (such as changes to Lasseters' share capital or insolvency of Lasseters);
- no regulatory decision being made that materially adversely affects the Offer;
- no material acquisitions, disposals or new commitments by the Lasseters; and
- forgiveness of Lasseters' intercompany debt by entities associated with the Lenders.

A full list of the Conditions is set out in Schedule 1 to the Bid Implementation Agreement and section 10 of the Bidder's Statement.

(d) **Escrow Sum**

Kings Knight Capital has paid an amount of $820,000 to Mills Oakley Lawyers as escrow agent, to be distributed in accordance with the Escrow Deed. A summary of the key terms of the Escrow Deed is set out in section 8.2 below.

(e) **Appointment of Kings Knight Capital nominees to Lasseters Board**

Kings Knight Capital may appoint nominees to the Lasseters Board after the Offer becomes Unconditional and provided that Kings Knight Capital has received acceptances for more than 50% of the Lasseters Shares. However, the appointees cannot participate in decisions of Lasseters or the Lasseters Board in relation to the Offer until after the end of the Offer Period.

(f) **Resignation of Lasseters Directors**

Following issue of the Offer Consideration to accepting Lasseters Shareholders and provided that Kings Knight Capital has received acceptances for more than 50% of Lasseters Shares, Lasseters Directors who are not Kings Knight Capital's nominees shall resign from the Lasseters Board, except for any Lasseters Director who is requested by Kings Knight Capital to remain on the Lasseters Board for a period following completion of the Takeover Bid and who agrees to do so.

(g) **Exclusivity**

Lasseters and its related entities and representatives, until the end of the Offer Period or termination of the Bid Implementation Agreement, must not without the prior written consent of Kings Knight Capital, in any manner and subject to the fiduciary duties of the Lasseters Board, solicit any Competing Proposals, participate in discussions in relation to any Competing Proposal or solicit or facilitate any due diligence on Lasseters.

(h) **Matching right**

Lasseters must inform Kings Knight Capital of a Superior Proposal and Kings Knight Capital will then have 5 Business Days to make a counter proposal that is more favourable to Lasseters Shareholders.

(i) **Change of name**

Kings Knight Capital will, within six months of the last day of the Offer Period (provided that the Takeover Bid becomes Unconditional), change the name of Lasseters to a name that does not include the word 'Lasseters'.

(j) **Compensation to Lasseters**

Kings Knight Capital is required to pay a compensating amount of $450,000 (plus GST) (**Target Break Fee**) to Lasseters in the following circumstances:

(i) Lasseters terminates the Bid Implementation Agreement following a material breach by Kings Knight Capital, and that breach is not remedied within 10 Business Days of it receiving notice from Lasseters of the details of the breach and Lasseters' intention to terminate;

(ii) Kings Knight Capital withdraws the Offer or the Offer lapses for any reason (other than where the sole reason for Kings Knight Capital withdrawing the Offer or the Offer lapsing is because a Condition has not been fulfilled and Kings Knight Capital has not freed the Offer from that Condition in accordance with the Corporations Act); or

(iii) Kings Knight Capital withdraws the Offer or the Offer lapses because ASX refuses to readmit Lasseters' securities to trading on ASX and/or readmit Lasseters to ASX listing.

Kings Knight Capital has also agreed to contribute the following amounts (by reimbursing Lasseters) towards the legal fees of Mills Oakley Lawyers (as the lawyers for Lasseters) in connection with acting as escrow agent and advising Lasseters in relation to the Takeover Bid:

(iv) if the Takeover Bid becomes Unconditional, $35,000 (plus GST); and

(v) if Kings Knight Capital withdraws the Offer or the Offer lapses for any reason including non-satisfaction of a Condition of the Offer, $35,000 (inclusive of GST).

(k) **Compensation to Kings Knight Capital**

Lasseters must pay a compensating amount to Kings Knight Capital equal to the actual and reasonable costs paid or payable by Kings Knight Capital to its external corporate, financial, accounting and legal advisors in connection with the Takeover Bid (which under no circumstances are to exceed $450,000) (plus GST) (**Bidder's Costs**) in any of the following circumstances:

(i) subject to their fiduciary obligations, any Lasseters Director fails to recommend that Lasseters Shareholders accept the Offer or recommends against, qualifies their support of or withdraws their recommendation or approval of the Takeover Bid;

(ii) subject to their fiduciary obligations, Lasseters or any Lasseters Director fail to comply with their respective statements made in an announcement or the

Target's Statement of their intended action in relation to the Offer in accordance with the terms of the statement; or

(iii) at the end of the Offer Period, either of the following Conditions are not satisfied:

(A) (**Minimum acceptance**): at the end of the Offer Period, Kings Knight Capital and its associates have a Relevant Interest in at least 50.1% (by number) of Lasseters Shares on issue; or

(B) (**Forgiveness of debt**): during the Condition Period, Kings Knight Capital receives an original Debt Forgiveness Deed Poll fully and duly executed by each Lender (please see a summary of this deed in section 8.3 below).

However, Bidder's Costs are not payable (and must be refunded to Lasseters if paid) if, before or at the end of the Offer Period, both of the above two Conditions have been satisfied.

(l) **Termination**

Either party may terminate the Bid Implementation Agreement if:

(i) the other party is in material breach of the Bid Implementation Agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by that other party within 10 Business Days of it receiving notice from the first party of the details of the breach and the first party's intention to terminate; or

(ii) Kings Knight Capital withdraws the Offer or the Offer lapses for any reason including non-satisfaction of a Condition.

A party is not entitled to give a notice to terminate unless it first consults in good faith with the other party to determine whether the Offer can proceed by way of alternative means or method, and the parties are unable to reach agreement as to the pursuit of any viable alternatives within 5 Business Days of the commencement of negotiations of such consultation.

8.2 Escrow Deed

On 18 August 2015 Kings Knight Capital, Lasseters and Mills Oakley Lawyers (**Escrow Agent**) entered into an Escrow Deed pursuant to which the Escrow Agent was appointed jointly by Kings Knight Capital and Lasseters as escrow agent to receive, invest and deal with the escrow amount of $820,000 (**Escrow Amount**) (which Kings Knight Capital has paid to the Escrow Agent in accordance with the Bid Implementation Agreement) in accordance with the terms and conditions of the Escrow Deed.

Subject to receiving a written direction signed by both Kings Knight Capital and Lasseters, the Escrow Agent must pay and distribute the Escrow Amount (and any accrued interest) as follows:

(a) if the Escrow Agent receives a notice signed by Kings Knight Capital and Lasseters stating:

(i) that the Takeover Bid has become Unconditional;

(ii) the date on which Kings Knight Capital is obliged to pay LIH and/or Lasseters Interactive Gaming Pte Limited (in their capacity as accepting Lasseters Shareholders under the Takeover Bid) (**Major Shareholders**); and

(iii) one or more dates on which payments are to be made to the Registry and the relevant amounts for distribution by the Registry to accepting Lasseters Shareholders,

the Escrow Agent must (on the relevant, respective payment dates) pay:

(iv) the Major Shareholders their Offer Consideration;

(v) the Offer Consideration for other accepting Lasseters Shareholders to the Registry for forwarding to those accepting Lasseters Shareholders; and

(vi) on the last payment date;

(A) the Escrow Agent the fees to which it is entitled under the Bid Implementation Agreement; and

(B) any balance to, or as directed by, Kings Knight Capital;

(b) if the Escrow Agent receives a notice from Lasseters directing the Escrow Agent to pay the Target Break Fee to Lasseters, accompanied by a statutory declaration from a director of Lasseters with legal advice from its Australian legal counsel stating that in their opinion the Target Break Fee is payable under the Bid Implementation Agreement, the Escrow Agent must pay:

(i) the Target Break Fee to, or as directed by, Lasseters;

(ii) the Escrow Agent the fees to which it is entitled under the Bid Implementation Agreement; and

(iii) any balance to, or as directed by, Kings Knight Capital; and

(c) if the Escrow Agent receives a notice from Kings Knight Capital directing the Escrow Agent to pay the Escrow Amount, accompanied by a statutory declaration from a director of Kings Knight Capital with legal advice from its Australian legal counsel stating that in their opinion the Offer has lapsed in circumstances where Lasseters is not entitled to the Target Break Fee under the Bid Implementation Agreement, the Escrow Agent must pay:

(i) the Escrow Agent the fees to which it is entitled under the Bid Implementation Agreement; and

(ii) any balance to, or as directed by, Kings Knight Capital.

8.3 Debt Forgiveness Deed Poll

It is intended, under the terms of the Bid Implementation Agreement, that the Lenders will enter into a Debt Forgiveness Deed Poll. Under the terms of the Deed Forgiveness Deed Poll, on the last day of the Offer Period and subject to the Takeover Bid becoming Unconditional, each Lender will irrevocably, absolutely and unconditionally forgive, waive, release and forever discharge any and all obligations of Lasseters with respect to the amount of $9,290,127 outstanding by Lasseters to the Lenders as at 30 June 2015 and any additional amounts that become outstanding by Lasseters to any Lender after 30 June 2015 and any security interest held by a Lender.

8.4 Taxation

Section 8 of the Bidder's Statement contains a general summary of the income tax, stamp duty and GST implications that may arise for Lasseters Shareholders who accept the Offer and you should read that section in full.

However, you should not rely solely on the information contained in section 8 of the Bidder's Statement in relation to the taxation consequences of accepting the Offer, and you should consult your own tax advisers in relation to your own particular circumstances.

8.5 Disclosing entity

Lasseters is a disclosing entity and as such is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au.

Copies of the documents lodged with ASIC in relation to Lasseters may be obtained from, or inspected at, an ASIC office.

Lasseters Shareholders may obtain a copy of:

(a) the Preliminary Final Report for the financial year ended 30 June 2015;

(b) the Constitution of Lasseters; and

(c) any other document lodged by Lasseters with the ASX,

free of charge on the ASX website at www.asx.com.au. Copies of documents lodged with ASIC in relation to Lasseters may be obtained from, or inspected at, an ASIC office for a fee.

8.6 Lasseters Share trading

Lasseters Shares have been suspended from trading on ASX since 9 September 2008. The closing price on the last day on which Lasseters Shares traded on ASX (on 2 September 2008) was $0.01.

8.7 Material changes in financial position of Lasseters

Lasseters's most recent financial report, for the financial year ended 30 June 2015, is available on the ASX website at www.asx.com.au.

To the knowledge of each of the Lasseters Directors, the financial position of Lasseters has not materially changed since 27 August 2015 (the date on which the most recent financial report was announced).

8.8 Material litigation

The Lasseters Directors do not believe that there is any current dispute or litigation against Lasseters which is material in the context of the Lasseters Group taken as a whole, and the Lasseters Directors have no knowledge of any such potential material dispute or litigation.

8.9 No other material information

This Target's Statement is required to include all the information that Lasseters Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Lasseters Director.

The Lasseters Directors are of the opinion that the information that Lasseters Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer are:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Lasseters' releases to the ASX, and in the documents lodged by Lasseters with ASIC, before the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Lasseters Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate. However, the Lasseters Directors do not take any responsibility for the contents of the Bidder's Statement, and are not to be taken as endorsing, in any way, any or all statements contained in it, except those statements which are attributed to Lasseters or its directors.

In deciding what information should be included in this Target's Statement, the Lasseters Directors have had regard to:

- the nature of the Lasseters Shares;
- the matters that Lasseters Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to shareholders' professional advisers;

- the nature of the Offer; and
- the time available to Lasseters to prepare this Target's Statement.

9 CONSENTS AND APPROVAL

9.1 Consents and disclaimers

(a) This Target's Statement contains statements made by, or statements based on statements made by, each of the Lasseters Directors. Each of the Lasseters Directors has consented to the inclusion of each such statement in the form and context in which the statement appears and has not withdrawn that consent at the date of this Target's Statement.

(b) This Target's Statement is accompanied by the Independent Expert's Report and contains statements made by, or statements based on statements made by the Independent Expert, being Nexia Court Financial Solutions Pty Ltd. The Independent Expert has consented to the annexure of the Independent Expert's Report and the inclusion of each such statement in the form and context in which the statement appears and has not withdrawn that consent at the date of this Target's Statement.

(c) Mills Oakley Lawyers has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name and to all references to it in this Target's Statement in the form and context in which it appears and does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement.

(d) Link Market Services Limited has consented to be named in this Target's Statement in the form and context in which it is named and has not withdrawn that consent as at the date of this Target's Statement.

(e) This Target's Statement contains statements which are made, or are based on statements which are made, in the Bidder's Statement and ASX announcements in relation to the Takeover Bid lodged with ASIC and/or ASX. In accordance with ASIC Class Order [CO 13/521], the consent of those persons is not required for the inclusion of such statements. Any Lasseters Shareholder who would like a copy of any of those documents may obtain a copy (free of charge) during the Offer Period, within 2 Business Days of the request, by contacting Link Market Services Limited on 1800 132 875 (from within Australia) or +61 1800 132 875 (from outside Australia).

(f) In addition, as permitted by ASIC Class Order [CO 13/523], this Target's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication. Pursuant to ASIC Class Order [CO 13/523], the consent of such persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement.

9.2 Approval

This Target's Statement has been approved by a unanimous resolution of the Lasseters Directors.

Date: 3 September 2015

Signed for and on behalf of Lasseters Corporation Limited



Dato' Jaya J B Tan
Chairman

10 DEFINITIONS AND INTERPRETATION

10.1 Defined terms

Where the following terms are used in this Target's Statement they have the following meanings:

Term	Definition
Acceptance Form	The transfer and acceptance form enclosed with the Bidder's Statement and which forms part of the Offer.
Announcement Date	The date of the announcement of the offer to acquire all of the Lasseters Shares by Kings Knight Capital, being 18 August 2015.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market operated by it.
ASX Listing Rules	The official listing rules of the ASX.
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532.
ASX Settlement Rules	The operating rules of the settlement facility provided by ASX Settlement.
Bidder's Costs	Has the meaning given in section 8.1(k) of this Target's Statement.
Bid Implementation Agreement	The Bid Implementation Agreement entered into between Lasseters and Kings Knight Capital on 18 August 2015.
Bidder's Statement	The statement of Kings Knight Capital under Part 6.5 Division 2 of the Corporations Act relating to the Offer.
Business Day	A day which is not a Saturday, Sunday or public holiday in Sydney, New South Wales.
CGT	Capital gains tax.
CHESS	The Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities.
CHESS Holding	A holding of shares on the CHESS Subregister of Lasseters.
CHESS Subregister	Has the meaning set out in the ASX Settlement Rules.
Competing Proposal	Any proposal, offer or transaction by a third party (other than Kings Knight Capital or its related entities) that, if completed, would mean: (a) a person would acquire a Relevant Interest in 20% or more of Lasseters Shares; (b) a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 20% or more of Lasseters Shares; (c) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or assets or property of, Lasseters; (d) a person would acquire Control of Lasseters; (e) a person may otherwise acquire, or merge with, Lasseters

Term	Definition
	(including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership); or (f) Lasseters will issue, on a fully diluted basis, 10% or more of its capital as consideration for the assets or share capital or another person, or any proposal by Lasseters to implement any reorganisation of capital or dissolution. Each successive material modification or variation of any proposal, offer or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.
Corporations Act	*Corporations Act 2001 (Cth).*
Condition Period	The period beginning on the Announcement Date and ending at the end of the Offer Period.
Conditions	The conditions of the Offer, as set out in full in Schedule 1 of the Bid Implementation Agreement and section 10 of the Bidder's Statement.
Control	Has the meaning given under section 50AA of the Corporations Act and **Controlled** has a corresponding meaning.
Debt Forgiveness Deed Poll	The deed poll to be provided by the Lenders, a summary of which is set out in section 8.3 of this Target's Statement.
Escrow Agent	Has the meaning given in section 8.2 of this Target's Statement.
Escrow Deed	Means the escrow deed between Kings Knight Capital, Lasseters and Mills Oakley Lawyers, a summary of which is set out in section 8.2 of this Target's Statement.
GST	Goods and services tax.
Independent Expert	Nexia Court Financial Solutions Pty Ltd (AFSL 247300), appointed by Lasseters to prepare the Independent Expert's Report.
Independent Expert's Report	The independent expert's report prepared in relation to the Offer and attached as Annexure A to this Target's Statement.
Issuer Sponsored Holding	A holding of Lasseters Shares on Lasseters's issuer sponsored subregister.
Kings Knight Capital	Kings Knight Capital Limited (BVI Company Number 1868479).
Kings Knight Capital Share	A fully paid ordinary share in the capital of Kings Knight Capital.
Lasseters	Lasseters Corporation Limited ABN 48 083 201 923
Lasseters Board	The board of directors of Lasseters.
Lasseters Director	A director of Lasseters.
Lasseters Group	Lasseters and its Subsidiaries.
Lasseters Group Shareholders	Lasseters Interactive Gaming Pte Limited and Lasseters International Holdings Limited (as accepting Lasseters Shareholders).
Lasseters Share	A fully paid ordinary share in the capital of Lasseters.
Lasseters Shareholder	A person holding Lasseters Shares.

Term	Definition
Lender	Each of: (a) Lasseters International Holdings Limited of SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807; (b) Ford Dynasty Pty Limited ACN 009 631 029 of 'Lasseters Hotel Casino', 93 Barrett Drive, Alice Springs, Northern Territory 0870; (c) Lasseters ANZ Pty Ltd ACN 122 222 637 of Level 28, Angel Plaza, 123 Pitt Street, Sydney, NSW 2000; (d) Lasseters Interactive Gaming Pte Limited of 10 Collyer Quay #27-00 Ocean Financial Centre, Singapore 049315; and (e) Lasseters Seaford Hotel Pty Limited ACN 088 367 908 of Level 1, 190 Fullarton Road, Dulwich, South Australia 5065.
LIH	Lasseters International Holdings Limited, Company Number 200402223M.
Offer	The off–market takeover bid by Kings Knight Capital to purchase all of the Lasseters Shares in accordance with Chapter 6 of the Corporations Act, as set out in the Bidder's Statement.
Offer Consideration	$0.00524976 per Lasseters Share.
Offer Date	The date on which the Offer opens, being 31 August 2015.
Offer Period	The period from the Offer Date to the date on which the Offer closes 7.00 pm (Sydney time) on 30 September 2015, unless the Offer is extended or withdrawn by Kings Knight Capital in accordance with the Corporations Act.
Registry	The share registry service provider appointed by Kings Knight Capital in connection with the Takeover Bid.
Regulatory Agency	A government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local and for these purposes shall include the Australian Taxation Office, ASX and ASIC.
Relevant Interest	Has the same meaning as given in sections 608 and 609 of the Corporations Act.
Rights	All accretions and rights that accrue to or arise from Lasseters Shares after the date the Bidder's Statement is lodged with ASIC, including all rights to receive dividends, to receive or subscribe for Lasseters Shares, notes, options or other securities and all other distributions or entitlements declared, paid, made or issued by Lasseters after that date.
Subsidiary	Has the same meaning as in the Corporations Act.

Term	Definition
Superior Proposal	A Competing Proposal that: (a) is actually proposed or offered; (b) in the determination of the Lasseters Board, acting reasonably and in good faith and in order to satisfy what the Lasseters Board reasonably considers to be its fiduciary or statutory duties (after having taken advice from its financial and legal advisers): (i) be likely to be completed substantially in accordance with its terms; (ii) if completion of that Competing Proposal occurred and taking into account the terms and conditions of the proposal, it would result in a transaction more favourable to Lasseters Shareholders than the Takeover Bid; and (iii) that determination has been communicated by notice in writing to Kings Knight Capital and Kings Knight Capital has not matched or bettered the Competing Proposal within 5 Business Days of receipt of such notice.
Takeover Bid	The takeover bid by Kings Knight Capital for all of the issued capital of Lasseters made pursuant to the Bid Implementation Agreement.
Target Break Fee	Has the meaning given in section 8.1(j) of this Target's Statement.
Target's Statement	This target's statement prepared by Lasseters in accordance with the Corporations Act in response to the Takeover Bid.
Unconditional	Kings Knight Capital issuing one or more notices in accordance with either or both of section 630(3) and section 650F(1)(a) of the Corporations Act, declaring that the Conditions have been fulfilled and the Takeover Bid is free or freed (as the case may be) from all Conditions that have not otherwise been fulfilled.

10.2 Interpretation

In this Target's Statement, headings and boldings are for convenience only and do not affect the interpretation of this Target's Statement, and unless the context requires otherwise:

(a) other words and phrases have the meaning (if any) given to them in the Corporations Act;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) other parts of speech and grammatical forms of a word or phrase defined in this Target's Statement have a corresponding meaning;

(e) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(f) a reference to a section, clause, annexure and schedule is a reference to a section of, clause of and an annexure and schedule to this Target's Statement as relevant;

(g) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

(h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to a body (including an institute, association or authority), whether statutory or not:

(i) that ceases to exist; or

(ii) the powers or functions of which are transferred to another body,

is a reference to the body that replaces it or substantially succeeds to its powers or functions;

(j) a reference to time is a reference to Sydney time; and

(k) a reference to dollars, $, A$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

ANNEXURE A INDEPENDENT EXPERT'S REPORT

Lasseters Corporation Limited

Kings Knight Capital Limited offer to acquire all of Lasseters Corporations Limited's shares for $0.00524976 a share

Independent Expert's Report
and Financial Services Guide

1 September 2015

nexia australia

the next solution

nexia australia

FINANCIAL SERVICES GUIDE

Dated: 1 September 2015

What is a Financial Services Guide ("FSG")?

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

This FSG includes information about:

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

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

Financial Services that NCFS is authorised to provide

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

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

NCFS's responsibility to you

NCFS has been engaged by the directors of Lasseters Corporation Limited ("Lasseters" or the "Client") to provide general financial product advice in the form of an independent expert's report to be included in the Target Statement to be sent to Lasseters shareholders ("Report").

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

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

General Advice

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

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

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

Fees NCFS may receive

NCFS charges fees for preparing Reports. These fees will usually be agreed with, and paid by, the Client, Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NCFS $15,000 (excluding GST and out of pocket expenses) for preparing the Report. NCFS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

Referrals

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

Associations and Relationships

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

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

Over the past two years $nil (excluding GST) in professional fees has been received from the Client.

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

Complaints Resolution

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

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

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

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

External Complaints Resolution Process

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

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

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

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

Compensation Arrangements

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

Contact Details
You may contact NCFS at:
Nexia Financial Solutions Pty Ltd
PO Box H195
Australia Square NSW 1215

nexia australia

the next solution

1 September 2015

The Directors
Lasseters Corporation Limited
15 Thompsons Road
Polkolobin NSW 2320

Dear Sirs,

Independent Expert's Report on Kings Knight Capital's offer to acquire all the shares of Lasseters Corporation Limited

1. OUTLINE OF THE TRANSACTION

On 27 August 2015, Kings Knight Capital Limited ("KKC") issued its Bidder Statement for a conditional, off-market takeover offer for all of the issued shares in Lasseters Corporation Limited ("Lasseters") for a cash consideration of $0.00524976 a share (the "Offer").

The Offer is contingent on the following terms:

- a minimum acceptance of 50.1% of Lasseters shares on issue;
- no prescribed occurrences of Lasseters happening (such as changes to Lasseters share capital or insolvency);
- no regulatory decision being made that materially adversely affects the Offer;
- no material acquisitions, disposals or new commitments by Lasseters; and
- the forgiveness of all intercompany debt.

Shareholders may accept the Offer for all or any of their Lasseters shares.

If the offer is accepted, the current board intends to retire and three new directors will be appointed.

In order for KKC to demonstrate its ability to fund the takeover offer, an amount of $820,000 (the maximum consideration payable for 100% acceptance) has been placed in escrow.

If the offer is accepted it is KKC's intention to find a new business for Lasseters, which is likely to be a gaming related business, initially focusing on online gaming from Cambodia.

2. PURPOSE OF THE REPORT

The purpose of this Report is to advise the shareholders of Lasseters on the fairness and reasonableness of the Offer.

Although there is no legal requirement for an independent expert's report pursuant to section 640 of the Corporations Act 2001 (Cth) ("the Act") (as Lasseters and KKC do not share common directors nor does KKC hold greater than 30% of the Company's voting shares), the directors of Lasseters have requested that Nexia Court Financial Solutions Pty Ltd ("NCFS") prepare this report as if it were an independent expert's report pursuant to section 640, and provide an opinion on whether the Offer is fair and reasonable to Shareholders.

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Independent member of Nexia International

NEXIA INTERNATIONAL

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3. SUMMARY AND OPINION

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

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

3.1 Assessment of Fairness

In respect to the Offer, we consider the Offer to be fair if the cash consideration per share of the Offer is higher than the fair value of a controlling interest per share in Lasseters. To determine whether the Offer is fair, we therefore need to determine the fair value of Lasseters.

To determine the fair value of Lasseters we have applied the net asset valuation methodology. This methodology has been applied as Lasseters has not traded since October 2008 and its shares have been suspended from trading since 9 September 2008.

As at 30 June 2015, Lasseters does not hold any assets of value and is in a net liability position. The comparison of the fair value of a share in Lasseters and the cash consideration of the Offer is summarised below:

	Per share
Lasseters share on a control basis (section 7)	$nil
Cash consideration under the Offer (section 1)	$0.00524976

The cash consideration of the Offer is greater than the fair value of a Lasseters share on a control basis. Therefore, **we have concluded the Offer is fair to Lasseters Shareholders.**

3.2 Assessment of Reasonableness

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

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

In forming our opinion we have considered the following relevant factors (see section 9).

Advantages	Disadvantages
• The Offer is fair • Opportunity to realise a cash return on illiquid shares from the Offer • Lasseters' shares will be automatically removed from the Official List of the ASX on 1 January 2016 unless a transaction is undertaken • Interest of current parent companies will be diluted below 50% if the Offer is accepted	• KKC's interest in Lasseters will be at least 50.1% giving it control over Lasetters • If the Offer is successful it is intended that Lasseters directors will retire and the Board will be refreshed • Potential to lose benefits associated with the utilisation of future tax losses

The Directors have informed us that there are no other alternatives to the Offer.

If the Offer is not accepted, Lasseters will remain an ASX listed company. The Company will remain suspended from quotation and continue to identify business opportunities.

As the Offer is fair, and taking into consideration the matters above, **we have concluded that the Offer is reasonable**.

3.3 Opinion

Accordingly, in our opinion, the Offer is fair and reasonable to the Lasseters' shareholders.

The ultimate decision on whether to approve the Offer should be based on Shareholders' own assessment of their circumstances. We strongly recommend that Shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Target Statement, and consider their own specific circumstances before accepting the Offer.

Yours faithfully
Nexia Court Financial Solutions Pty Ltd (AFSL 247300)

Brent Goldman
Authorised Representative

STRUCTURE OF REPORT

Our Report is set out under the following headings:

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5. OVERVIEW OF LASSETERS CORPORATION LIMITED 6
6. VALUATION METHODOLOGIES 10
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10. OPINION 13

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4. BASIS OF EVALUATION

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

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

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

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

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

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

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

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

For the purpose of considering whether or not the Offer is fair we have compared the fair value of Lasseters on a control basis to the cash consideration under the Offer.

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

- KKC's pre-existing voting power in Lasseters, if any;
- significant security holding blocks in Lasseters;
- the liquidity of the market in Lasseters' shares;
- taxation losses, cash flow or other benefits through achieving 100% ownership of Lasseters Corporation Limited;
- any special value to the bidder, such as technology, the potential to write-off outstanding loans from the target, etc;
- the likely market price if the offer is unsuccessful;
- the value to an alternate bidder and the likelihood of an alternative bid being made; and
- other significant matters set out in section 9.

4.1 Individual shareholders' circumstances

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

4.2 Limitations on reliance on information

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

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

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

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

In forming our opinion we have assumed:

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

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

5. OVERVIEW OF LASSETERS CORPORATION LIMITED

5.1 Corporate History

Lasseters is a public company headquartered in Pokolbin, NSW. The company was incorporated on 30 June 1998 and gained admission to the Australian Securities Exchange ("ASX") on 1 June 2000.

The Company has no subsidiaries with its last two subsidiairies, Lasseters Sportsbook Pty Ltd and Lasseters Casino Pty Ltd, being disposed of in August 2013

Lasseters had 155,801,464 shares on issue as at 19 August 2015. The shares were last traded at $0.01, however, Lasseters requested a voluntary suspension of the trading of all their shares on 9 September 2008 and this suspension remains in place as at the date of this report.

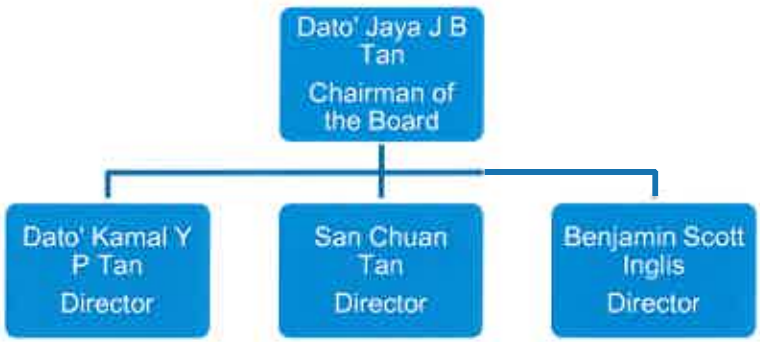
Although Lasseters remains on the Official List of the ASX, under the transitional arrangements in ASX Listing Rules: Guidance Note 33, a company whose shares have been suspended for more than 12 months prior to 1 January 2014 will automatically be removed from the Official List on 1 January 2016. These rules are applicable to Lasseters.

5.2 Business Activities

Lasseters' principal activity was the provision of online gaming services and the company ceased operations in October 2008.

5.3 Directors and Key Management

Following is a diagram of the board and management structure of Lasseters:



On 31 December 2014 The Hon. Fred A Finch A.M. resigned as director

5.4 Financial Information

Lasseters auditor's reports for the years ending 30 June 2013 and 2014 were unqualified. However, in each year there is an emphasis of matter that notes that the financial statements were not prepared on a going concern basis as the required financial support from the parent entity was only guaranteed up to the external liabilities, net of cash and cash equivalents. As a result, the financial statements reflect all assets at their realisable value.

5.4.1 Financial Performance

Set out below are the audited profit and loss accounts of Lasseters for the years ended 30 June 2013 and 2014, and the unaudited management accounts for the year ended 30 June 2015:

$		FY2013 Audited	FY2014 Audited	HY2015 Reviewed	FY2015 Unaudited
Gain on disposal of subsidiaries	1	-	174,996	-	-
Interest received		680	620	-	-
Non-operating revenue	2	84,024	208,649	249	249
Total Revenue		84,704	384,265	249	249
Borrowing costs		(340)	(130)	(40)	(40)
ASX and registrar fees		(20,491)	(32,703)	(29,007)	(39,710)
Auditor fees		(30,564)	(14,950)	(33,288)	(28,450)
Professional advisors		(15,849)	(20,454)	(1,947)	(1,947)
Other expenses		4,761	(698)	(9,415)	(10,852)
Profit / (loss) before and after income tax expense	3	22,221	315,330	(73,448)	(80,750)

Source: Lasseters Corporation Limited 30 June 2013 and 2014 audited financial statements, and 30 June 2015 unaudited management accounts

1. On 20 September 2012, Lasseters entered into a share sale and purchase agreement with Isentric (Australia) Pty Ltd for the sale of its entire equity interest in wholly-owned subsidiaries, Lasseters Casino Pty Ltd and Lasseters Sportsbooks Pty Ltd. The sale was completed on 5 August 2013.

2. Non-operating revenue related to the forgiveness of intercompany debts and minimal foreign exchange gains.
3. Lasseters voluntarily suspended its shares from trading on 9 September 2008 and ceased operations in October 2008. Expenditure since that date has primarily been on the meeting ongoing compliance requirements under the Corporations Act and ASX Listing Rules.

5.4.2 Financial Position

Set out below are the audited consolidated balance sheet of Lasseters Corporation Limited for the years ended 30 June 2013 and 2014, and the unaudited management accounts for the year ended 30 June 2015.

$		FY2013 Audited	FY2014 Audited	HY2015 Reviewed	FY2015 Unaudited
Current assets					
Cash and cash equivalents		22,098	29,631	-	-
Other receivables	1	2,491	4,960	8,298	10,030
		24,589	34,591	8,298	10,030
Non-current assets					
Available for sale financial assets		-	-	-	-
Intangible assets	2	1	-	-	-
		1	-	-	-
Total assets		24,590	34,591	8,298	10,030
Current liabilities					
Trade and other payables	3	(56,152)	(40,175)	(41,262)	(42,577)
Accrued operating expenses		(16,350)	(20,712)	(25,994)	(21,201)
Parent company	4	(3,792,787)	(3,617,787)	(3,617,787)	(3,617,787)
Commonly controlled entity	4	(5,737,755)	(5,619,041)	(5,659,827)	(5,672,339)
		(9,603,044)	(9,297,715)	(9,344,870)	(9,353,904)
Total liabilities		(9,603,044)	(9,297,715)	(9,344,870)	(9,353,904)
Net assets		(9,578,454)	(9,263,124)	(9,336,572)	(9,343,874)
Equity					
Issued capital		57,398,847	57,398,847	57,398,847	57,398,847
Accumulated losses		(66,977,301)	(66,661,971)	(66,735,419)	(66,742,721)
Total equity		(9,578,454)	(9,263,124)	(9,336,572)	(9,343,874)

Source: Lasseters Corporation Limited 30 June 2013 and 2014 audited financial statements, and 30 June 2015 unaudited management accounts

1. Other receivables relate to GST receivable.
2. The Northern Territory gaming licence was sold with the sale of the wholly-owned subsidiaries on 5 August 2013.
3. The players purse liabilities within trade and other payables relate to unclaimed funds on customer accounts. These amount to the following:

$	FY2013	FY2014	HY2015	FY2015
Player purse liabilities	37,196	40,175	41,262	42,577

4. The Offer is conditional upon KKC receiving a deed poll of debt forgiveness from the intercompany lenders during the Offer period. The debt forgiveness only takes effect immediately prior to the end of the Offer period if all other conditions have been satisfied or waived.

5.5 Capital Structure and Ownership

Lasseters issued capital at 30 June 2015 comprised 155,801,464 fully paid ordinary shares. The top 10 shareholders, as at 30 June 2015, hold 89.07% of the issued capital of Lasseters and are set out below:

Shareholder		Shareholding	% Total
Lasseters Interactive Gaming Pte Ltd	1	111,098,881	71.31%
Sean Jen-Hin Lim		15,801,480	10.14%
Lasseters International Holdings Ltd	1	3,192,000	2.05%
Mrs Liliana Teofilova		2,008,243	1.29%
Fieldrock Pty Limited		1,429,647	0.92%
Citicorp Nominees Pty Ltd		1,355,531	0.87%
Paul Andrew Appleby		1,350,241	0.87%
Mr Francesco Cortellino		915,863	0.59%
Anex Industrial Corporation Pty Ltd		893,638	0.57%
Mr Ianaki Semerdziev		721,248	0.46%
Top ten shareholders		**138,766,772**	**89.07%**
Other		17,034,692	10.93%
Total shareholders		**155,801,464**	**100.00%**

Source: Share registry at 30 June 2015

1. Lasseters Interative Gaming Pte Ltd and related parties (Lasseters International Holdings Ltd) hold 73.36%

The table below summarises shareholders by size of shareholding at 30 June 2015:

Range	No. of holders	Shares	% of Total
1 – 1,000	664	387,374	0.25%
1,001 – 5,000	418	1,142,381	0.73%
5,001 – 10,000	131	1,045,551	0.68%
10,001 – 100,000	170	5,489,285	3.52%
100,001 and over	41	147,736,873	94.82%
Total	**1,424**	**155,801,464**	**100.00%**

Source: Share registry at 30 June 2015

5.6 Share Price and Volume Trading Analysis

Lasseters placed a voluntarily trading halt on its shares on 9 September 2008, which remains in effect. Prior to this, the last trading price per share was $0.01.

6. VALUATION METHODOLOGIES

6.1 Definition of market value

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

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

6.2 Selection of Methodology

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

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

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

In determining the fair value of Lasseters, we have applied the realisation of assets methodology. We have determined the realisation of assets to be the most appropriate methodology as:

- Lasseters has not actively traded since October 2008. Therefore the application of an earnings multiple is not appropriate.
- The Company does not foresee trading to commence in the near future unless they can find a partner who can inject equity or assets into the business. Therefore, no forecasts can be produced to apply the discounted cash flow methodology.
- Lasseters shares have not traded since the voluntary suspension on trading was placed on the shares in the company on 9 September 2008. Therefore, the quoted market price is not an accurate reflection of the fair market value of a share in Lasseters.
- There have been no recent genuine offers received for the business.

7. VALUE OF LASSETERS CORPORATION LIMITED

7.1 Realisation of assets of Lasseters

The fair value of Lasseters based on a net asset basis is set out below:

	Note	$
Net asset value at 30 June 2015 (see section 5.4.2)		(9,343,874)
Adjustment for debt forgiveness	1	9,290,126
Adjusted net assets		(53,748)
Shares on issue		155,801,464
Net asset value per share		**($0.00034)**

1. The Offer is conditional upon KKC receiving a deed poll of debt forgiveness from the intercompany lenders during the Offer period. The debt forgiveness only takes effect immediately prior to the end of the Offer period if all other conditions have been satisfied or waived.

The net assets value reflects the value of a Lasseters share on a control basis. A controlling interest is where a shareholder has advantages such as the ability to exert influence over the strategic direction and cash flow of a company, amongst other things. RG 111 requires consideration of an interest in the target as if 100% had been acquired and, therefore, for the purposes of the Offer, the fair value of a Lasseters share on a control basis is considered appropriate.

In determining the net asset valuation of Lasseters, no value has been placed on the intangible assets for the Company's listing on the ASX. In considering this we note that:

- if Lasseters does not undertake a transaction prior to 1 January 2016, the company will be automatically removed unless the ASX agrees to an extension;
- given the current financial position of Lasseters, any transaction is likely to require the Company to apply for readmission in accordance with the ASX Listing Rules due to the relative scale of a potential transaction, therefore there is no significant reduction in the potential cost of directly applying for admission to the Official List.
- although there is a potential benefit from acquiring Lasseters' shareholder base to meet shareholder spread requirements of the ASX Listing Rules, the shares are closely held, not in marketable parcels and the Offer is for 100% of the share capital of Lasseters, which if the Offer is fully accepted will negate any shareholder spread benefits.

7.2 Conclusion on fair value of a share in Lasseters Corporation Limited on a control basis

In determining the fair value we have considered the above net asset valuation. The value calculated based on this methodology indicates that a share in Lasseters has a $nil value. The basis of this conclusion is that Lasseters will be acquired in a net liability position.

8. ASSESSMENT OF FAIRNESS

As discussed in section 4, in determining whether the transaction is fair to Lasseters shareholders, we have compared the fair value of share in Lasseters on a control basis to the cash consideration under the Offer. This is summarised below:

	Per share
Lasseters share on a control basis	$nil
Cash consideration under the Offer	$0.00524976

As the consideration of $0.00524976 a share under the Offer is greater than the fair value of a Lasseters share on a control basis, **we have concluded that the Offer is fair**.

9. ASSESSMENT OF REASONABLENESS

9.1 Approach to assessing Reasonableness

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

9.2 Advantages of the transaction

We outline below potential advantages of the Offer:

Advantage	Explanation
Opportunity to realise a cash return on illiquid shares from the Offer	There is a trading halt on Lasseters shares making it difficult for shareholders to realise their investment. The cash offer provides all sharesholders with the opportunity to realise the value of their entire investment in Lasseters.
Lasseters' shares will be automatically removed from the Official List of the ASX on 1 January 2016 unless a transaction is undertaken	If Lasseters does not undertake a transaction prior to 1 January 2016, then its shares will be automatically removed from the Official List of the ASX. KKC's acquisition and intention to explore the acquisition of operating assets provides potential opportunities for shareholders to realise value in the future if acquisitions are successful.
Interest of current parent companies will be diluted below 50% if the Offer is accepted	Lasseters ultimate parent, Lasseters International Holdings Limited and an intermediate company, Lasseters Interactive Gaming Pte Limited holds a 73.36% in Lasseters. If the Offer is accepted their interest in the Company will be diluted to below 50%

9.3 Disadvantages of the transaction

We outline below potential disadvantages of the Offer:

Disadvantage	Explanation
KKC's interest in Lasseters will be at least 50.1% giving it control over Lasseters	If the Offer is successful KKC will have control over Lasseters and will therefore control the strategic direction of the company. Whilst, KKC intentions are to remain within the gaming industry, any decision to change its focus will be entirely at KKC's discretion.
If the Offer is successful it is intended that Lasseters directors will retire and the Board will be refreshed	With the existing board retiring Lasseters will lose their experience and knowledge gained over the tenure on the Board. Dato' Jaya J B Tan and Dato' Kamal Y P Tan have been on the board since 2001.
Potential to lose benefits associated with the utilisation of future tax losses	Lasseters had $26,009,715 of tax losses and $1,460,683 capital losses at 30 June 2014 that may be lost if the transaction is accepted and KKC changes the business of Lasseters. This will be subject to relevant tax legislation.

9.4 Alternatives to the transaction

The Directors have informed us that there are no other alternatives to the Offer.

9.5 Implications of the transaction not proceeding

If the Offer is not accepted, Lasseters will remain an ASX listed company. The Company will remain suspended from quotation and continue to identify business opportunities.

9.6 Conclusion as to Reasonableness

In accordance with RG 111, an Offer is reasonable if:

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

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

10. OPINION

Accordingly, in our opinion, the Offer is fair and reasonable to the Lasseters Corporation Limited shareholders.

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

APPENDIX A – GLOSSARY

Term	Definition
Target Statement	Document to be sent to shareholders on or about the date of this Report in which this Report is included
ASIC	Australia Securities and Investment Commission
ASX	Australian Securities Exchange
Bid Implementation Agreement	Agreement dated 18 August 2015 between the Company and KKC in respect of the Offer
Company or Lasseters	Lasseters Corporation Limited (ACN 083 201 923)
Corporations Act	Corporations Act 2001 (Cth)
FSG	Financial Services Guide
FY2013	the financial year ended or as at 30 June 2013
FY2014	the financial year ended or as at 30 June 2014
HY2015	The six months ended or as at 31 December 2014
FY2015	the financial year ended or as at 30 June 2015
Group	Lasseters Corporation Limited and its subsidiaries
KKC	Kings Knight Capital Limited
NCFS	Nexia Court Financial Solutions Pty Ltd (AFSL 247300)
Offer	The cash consideration of $0 00524976 for a share in Lasseters subject to various conditions
Report	Independent Expert's Report
RG 111	ASIC Regulatory Guide 111 Content of expert Reports

APPENDIX B - SOURCES OF INFORMATION

- APES 225 – Valuation Services
- ASX Listing Rules, Guidance Note 33, Removal of Entities from the ASX Official List
- Australia Securities and Investment Commission's (ASIC) database
- Audited financial statements of Lasseters Corporation Limited for the years ended 30 June 2013 and 2014
- Bid Implementation Agreement
- Unaudited balance sheet of Lasseters Corporation Limited as at 30 June 2015
- Bidder's Statement prepared by King Knight Capital Limited dated 27 August 2015
- Draft Target Statement prepared by Lasseters
- Regulatory Guide 111: Content of expert Reports
- Regulatory Guide 112: Independence of expert's Reports
- S&P Capital IQ

APPENDIX C - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

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

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

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

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

Reliance on Information

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

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

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

Qualifications

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

Brent Goldman specifically was involved in the preparing and reviewing this Report. Brent Goldman is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Business Valuation Specialist of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the

Financial Services Institute of Australasia. He has over 15 years of corporate finance experience in both Australia and the UK.

Consent and Disclaimers

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

NCFS consent to the issue of this Report in the form and context in which it is included in the Target Statement to be sent to Lasseters Corporation Limited shareholders.

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

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

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

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

APPENDIX D - VALUATION METHODOLOGIES

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

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

Discounted Cash Flow Method

Description

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

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

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

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

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

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

Use of the Discounted Cash Flow Method

A discounted cash flow approach is usually preferred when valuing:

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

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

Capitalisation of Earnings Method

Description

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

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

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

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

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

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

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

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

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

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

Use of the Capitalisation of Earnings Method

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

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

Asset Based Methods

Description

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

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

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

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

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

Use of Asset Based Methods

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

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

Asset based methods are not appropriate if:

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

Analysis of Share Trading

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