

**NOTICE OF EXTRAORDINARY GENERAL MEETING - 17 June 2013**  
**BERKLEE LIMITED**  
**ACN 004 661 205**

The Extraordinary General Meeting of Berklee Limited ACN 004 661 205 (the "Company") will be held at the Ballarat Lodge, 613 Main Road, Ballarat, Victoria 3350, on 17 June 2013 at 11:30am AEST.

The Explanatory Statement that accompanies this Notice of Extraordinary General Meeting describes the matters to be considered at the Extraordinary General Meeting.

**BUSINESS OF THE MEETING**

**RESOLUTIONS: APPROVAL OF SALE OF ASSETS BY COMPANY**

**a) Resolution 1**

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

*That for the purposes of Chapter 2E of the Corporations Act and Listing Rules 10.1 and 11.2, and for all other purposes, approval is given by the Shareholders for the Company to enter into and complete the Sale of Assets Agreement, and thereby dispose of its main business undertaking, for the purposes and on the terms set out in the Explanatory Statement.*

**b) Resolution 2**

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

*That for the purposes of Listing Rule 11.2 and for all other purposes, approval is given by the Shareholders for the Company to sell the Premises by way of public auction, or failing sale by public auction, sale by private treaty, for the purposes and on the terms set out in the Explanatory Statement.*

**Explanatory Statement**

The Explanatory Statement accompanying this Notice of Meeting is incorporated in and comprises part of this Notice. Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in the Notice of Meeting and the Explanatory Statement.

**Voting Exclusion Statement**

For the purposes of section 224(1) of the Corporations Act, the Company will disregard any votes cast on Resolution 1, by any person who is deemed to be a Related Party to the Company or by any associate of that person, being a person who might obtain a financial benefit by the passing of that Resolution.

The Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; and
- b) it is not cast on behalf of a related party or associate of a kind referred to in section 224(1).

The persons and/or entities listed in column 1 of the table below are persons and/entities that may not cast any votes on the Resolutions specified in column 2.

<b>Persons</b>	<b>Resolutions</b>
Riniki Pty Ltd (as trustee for the Rick Van Berkel Superfund)	1
Riniki Pty Ltd (as trustee as the RJ and NC Van Berkel Trust)	1
Wilhelmina Maria van Berkel	1
Rick John van Berkel	1
Ausned Pty Ltd	1

For the purposes of Listing Rule 10.1, the Company will further disregard any votes cast on Resolution 1 by any party to the transaction.

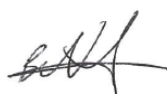
For the purposes of Listing Rules 11.2, the Company will disregard any votes cast on any of the Resolutions by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolutions are passed.

However, for the purposes of Listing Rules 10.1 and 11.2, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board

Dated: 20 May 2013



Brett Jones  
Company Secretary

## **Voting Entitlements**

For the purpose of voting at the meeting, a Shareholder's voting entitlement at the Extraordinary General Meeting will be taken to be the entitlement of the person shown on the register of Shareholders at 7.00pm AEST on 16 June 2013.

## **Proxies**

A Shareholder entitled to attend and vote at the Extraordinary General Meeting may elect to appoint a proxy and, if entitled to cast two or more votes, is entitled to appoint two proxies.

A proxy need not be a Shareholder of the Company and may be an individual or a body corporate. If a body corporate is appointed as proxy, the body corporate must ensure that it appoints a body corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Extraordinary General Meeting.

Where a Shareholder elects to submit a proxy vote and two proxies are appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. In the absence of any apportionment of voting rights, each proxy shall be taken to be able to exercise half of the Shareholder's voting rights.

For an appointment of a proxy to be effective, Shareholder Proxy Forms and, if applicable, the powers of attorney (or a certified copy of the powers of attorney) under which they are signed must be lodged at the Company's registered office or the Company's share registry.

## **Corporate Representation**

If your holding is registered in a company name and you would like to attend the meeting (and do not intend to return a proxy form) please bring with you to the meeting a duly completed Appointment of Corporate Representative Form to enable you to attend and vote at the Extraordinary General Meeting.

## **Voting by Proxy**

To be effective, proxy forms must be received at the address given below no later than 48 hours before the commencement of the meeting, being no later than 11.30 am on Saturday, 15 June 2013.

To vote by proxy, please complete the enclosed Proxy Form attached to this Notice of Extraordinary General Meeting and lodge it with the Company's share register either by:

**In person:** Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia

**By mail:** Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia

**By Fax:** 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) no later than 11.30 am AEST, 15 June 2013.

## **Chairman's Letter**

The Independent Directors have prepared the attached Explanatory Memorandum to assist Shareholders understand the terms of the sale of the Berklee business to Tilbal Pty. Ltd (Tilbal). The Board is also seeking approval to proceed to sell the Wendouree property.

Over recent periods, Berklee has experienced a significant downturn in operating revenues and has reported significant operating losses. Notwithstanding these losses the cash position has remained positive due to the Company undertaking a major campaign to reduce working capital. This has resulted in the disposal of old and obsolete inventory at significant discount which in turn has impacted negatively on the Company's results. The ability to continue to fund losses by reducing working capital has now ceased.

The unaudited three months operating results to 31 March 2013 continues to indicate the deterioration in the core business and resulting cash position. While Management has also had a major focus on reducing costs, there is a limit to how much can be cut while remaining a publicly listed entity with an Australian manufacturing base.

The Independent Directors believe that the Company cannot continue to operate in its current form and survive, even in the short to medium term. As a result we have canvassed a number of options for the future of the Berklee business but consider given the current high Australian dollar, the lack of demand for replacement exhaust systems and the high cost of Australian manufacture that the future for Australian manufacturing in the auto industry is limited.

The Company currently is experiencing negative cash flow of approximately \$100,000 per month. Consequently, the Independent Directors believe that the sale of the Berklee business to Tilbal provides the best option to urgently and significantly reduce the cash drain on the Company while allowing the Board to proceed with the realization of other assets and the sale of the property and ultimately to return the net proceeds to Shareholders.

The Independent Expert concludes that the sale of the Berklee business to Tilbal is fair and reasonable to all non-related shareholders.

Further detail is contained in the Independent Expert's Report in the Explanatory Memorandum.

## **Independent Directors Unanimously Recommend the Proposal**

Because of the potential for conflict of interest to arise, the Board of Berklee delegated responsibility to the Independent Directors Committee, consisting of the Chairman and Mr Anderson, to consider, develop and negotiate the Proposal following the receipt of the offer from Tilbal. Each member of the Independent Directors Committee is independent of the Berklee Group. After careful consideration of the Proposal, each Independent Director has concluded that the Proposal offers the most compelling and certain proposition currently available to Shareholders, is in the best interests of Shareholders and therefore:

- **recommends that Shareholders vote in favour of the Resolutions, in the absence of a Superior Proposal; and**
- **intends to vote his shares (where applicable) in favour of the proposal, in the absence of a Superior Proposal.**

In reaching this conclusion, the Independent Directors Committee examined a range of strategic options which could reasonably be considered to maximise value for Berklee Shareholders. These were :

- confidentially approaching several potential acquirers to assess their interest in making an alternative proposal;
- considering a wind up of Berklee;
- continuing to trade on in the current state.

Each Independent Director has also taken into account that:

- time is of the essence. For each month that the sale is delayed the Company continues to experience negative cash flow of approximately \$100,000 which would potentially result in the cash reserves being extinguished within the next twelve months.
- to date no superior compelling proposal has emerged since announcement of the original approach; and
- the Independent Expert has concluded that the Proposal is fair and reasonable to non-related shareholders in the absence of a Superior Proposal.

If you have any question in relation to the Proposal please call the Chairman on (03) 5338 1110.

Your vote is important and I recommend you vote in favour of the Proposal at the Meeting on 17 June 2013.

Yours sincerely

Alan Beckett

Independent Chairman

Berklee Limited.