



# TRAC GROUP HOLDINGS LTD

A.C.N. 115 007 540

## REPLACEMENT PROSPECTUS

**Initial Public Offer of up to 26,000,000 fully paid ordinary shares  
at an issue price of \$0.25 per share to raise up to \$6,500,000  
with a minimum subscription of \$3,500,000**

---

Note: An investment in the Company must be considered speculative.  
This Replacement Prospectus is an important document and requires your immediate attention.  
It should be read in its entirety. If you do not understand any part of this Prospectus,  
or you are in doubt as to how to deal with it, you should consult your  
accountant, stockbroker, solicitor or other professional adviser.

## THIRD SUPPLEMENTARY PROSPECTUS

### TRAC GROUP HOLDINGS LIMITED (A.C.N. 115 007 540)

#### IMPORTANT NOTICE

This Supplementary Prospectus is dated 9 March 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Third Supplementary Prospectus**). This Third Supplementary Prospectus supplements:

- a) the Replacement Prospectus dated 23 December 2015 issued by Trac Group Holdings Limited and lodged with ASIC on that date;
- b) the Supplementary Prospectus dated 19 February 2016 and lodged with ASIC on that date (**First Supplementary Prospectus**); and
- c) the Supplementary Prospectus dated 2 March 2016 and lodged with ASIC on that date (**Second Supplementary Prospectus**).

This Third Supplementary prospectus must be read in conjunction with the Replacement Prospectus, the First Supplementary Prospectus and the Second Supplementary Prospectus.

ASIC and ASX Limited take no responsibility for the contents of this Third Supplementary Prospectus, the Second Supplementary Prospectus, the First Supplementary Prospectus or the Replacement Prospectus.

#### REASONS FOR THIS THIRD SUPPLEMENTARY PROSPECTUS

The purpose of this Third Supplementary Prospectus is to:

- a) extend the Closing Date of the Offer from 10 March 2016 to 27 May 2016 as permitted by the terms of the Offer under the Second Supplementary Prospectus; and
- b) notify investors that ASIC has exercised its relief powers pursuant to section 741(1) of the *Corporations Act 2001* (Cth) (the **Act**).

#### IMPORTANT DATES

Offer Closes	5pm (AEST) 27 May 2016
Completion	31 May 2016
Expected date for dispatch of holding statements	1 June 2016
Trading of shares commences on ASX (on a normal settlement basis)	7 June 2016

The closing date for the Offer has been extended to 5pm (AEST) on 27 May 2016. The dates in the important dates timetable set out by the Second Supplementary Prospectus, the First Supplementary Prospectus and page 7 of the Replacement Prospectus are amended as indicated above.

All references to any of the key dates listed above in the Replacement Prospectus, the First Supplementary Prospectus and the Second Supplementary Prospectus shall be replaced with the key dates set out above. The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Act and other applicable law. In particular, the Company reserves the right to close the Offer early, extend the Closing Date, accept late Applications or accept and process Applications once the Minimum Subscription is achieved while keeping the Offer open or extending the Closing Date for receipt of further Applications without notifying any recipients of this Supplementary Prospectus or any Applicants.

#### OVERVIEW OF RELIEF GRANTED BY ASIC

Section 723(3)(b) of the Act requires a person offering securities under a disclosure document which states or implies that securities are to be quoted on a financial market to refund any subscription money if those securities are not quoted within three (3) months of the date of the disclosure document (ie from the date of the Original Prospectus dated 10 December 2015).

The Closing Date of the Offer has been extended to 27 May 2016 under this Third Supplementary Prospectus. Accordingly, without relief from section 723(3)(b) being granted by ASIC, Trac Group Limited would be required to refund all Applicants' monies prior to the extended Closing Date.

On 8 March 2016, by ASIC Instrument 16-0175, ASIC granted relief (the **ASIC Relief**) by modifying section 723(3)(b) of the Act to the effect that the three (3) month period will commence from the date of the latest supplementary disclosure document lodged with ASIC which discloses that:

- a) the securities are not quoted; and
- b) Applicants are given one (1) month to withdraw their application and be repaid

This Third Supplementary Prospectus is the latest disclosure document lodged with ASIC.

The ASIC Relief also amends section 724(1)(a), which would ordinarily require the Company to refund all Applicants' monies in the event that the minimum subscription is not reached within four (4) months of the date of the disclosure document (ie from the date of the Original Prospectus dated 10 December 2015). Under the ASIC Relief, the four (4) month period will now commence from the date the latest supplementary disclosure document for the offer is lodged with ASIC that discloses that the securities are not admitted to quotation, and gives applicants 1 month to withdraw their application and be repaid (ie. the date of this Third Supplementary Prospectus).

#### **APPLICATION WITHDRAWAL RIGHTS**

A copy of this Third Supplementary Prospectus will be sent to all Applicants who have subscribed for Shares under the Prospectus prior to the date of this Third Supplementary Prospectus. In accordance with sections 723 and 724 of the Act (as amended by the ASIC Relief), the Company will allow investors who have lodged Applications under the Prospectus prior to the date of this Third Supplementary Prospectus one (1) month from the date of this Third Supplementary Prospectus to obtain a refund of their Application monies if they do not wish to proceed with their Application.

Any investor who wishes to obtain a refund should write to the Company at the following address:

Jason Perkins  
Trac Group Holdings Ltd  
Level 49, Governor Phillip Tower  
1 Farrer Place  
Sydney, NSW 2000

If you do not wish to withdraw your Application, you do not need to take any action.

#### **DIRECTORS' CONSENT**

Each of the Directors of Trac Group Holdings Limited has consented to the lodgement of this Third Supplementary Prospectus with the Australian Securities and Investments Commission.

Signed for and on behalf of Trac Group Holdings Limited:



Jason Perkins  
Chief Executive Officer

Dated: 9 March 2016

## SECOND SUPPLEMENTARY PROSPECTUS

TRAC GROUP HOLDINGS LIMITED (A.C.N. 115 007 540)

### IMPORTANT NOTICE

This Supplementary Prospectus is dated 2 March 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Second Supplementary Prospectus**). This Second Supplementary Prospectus supplements:

- a) the Replacement Prospectus dated 23 December 2015 issued by Trac Group Holdings Limited and lodged with ASIC on that date.
- b) the Supplementary Prospectus dated 19 February 2016 and lodged with ASIC on that date (**First Supplementary Prospectus**).

This Second Supplementary prospectus must be read in conjunction with the Replacement Prospectus and the First Supplementary Prospectus.

ASIC and ASX Limited take no responsibility for the contents of this Second Supplementary Prospectus, the First Supplementary Prospectus or the Replacement Prospectus.

### REASONS FOR THIS SECOND SUPPLEMENTARY PROSPECTUS

The purpose of this Second Supplementary Prospectus is to:

- a) Extend the Closing Date of the Offer from 3 March 2016 to 10 March 2016 as permitted by the terms of the Offer under the First Supplementary Prospectus.
- b) notify investors that the Company has applied to ASIC for relief pursuant to section 741(1) of the *Corporations Act 2001* (Cth) (the Act).

### IMPORTANT DATES

Offer Closes	5pm (AEDT) 10 March 2016
Completion	11 March 2016
Expected date for dispatch of holding statements	14 March 2016
Trading of shares commences on ASX (on a normal settlement basis)	17 March 2016

The closing date for the Offer has been extended to 5pm (AEDT) on 10 March 2016. The dates in the important dates timetable set out by the First Supplementary Prospectus and page 7 of the Replacement Prospectus are amended as indicated above.

All references to any of the key dates listed above in the Replacement Prospectus and First Supplementary Prospectus shall be replaced with the key dates set out above. The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Act and other applicable law. In particular, the Company reserves the right to close the Offer early, extend the Closing Date, accept late Applications or accept and process Applications once the Minimum Subscription is achieved while keeping the Offer open or extending the Closing Date for receipt of further Applications without notifying any recipients of this Supplementary Prospectus or any Applicants.

### APPLICATION FOR ASIC RELIEF

The Company is considering extending the Closing Date of the Offer beyond 10 March 2016.

Section 723(3)(b) of the Act requires a person offering securities under a disclosure document which states or implies that securities are to be quoted on a financial market, to refund any subscription money if those securities are not quoted within three (3) months of the date of the disclosure document (ie from the date of the Original Prospectus dated 10 December 2015).

If the Company:



- a) extends the Closing Date of the Offer beyond 10 March 2016; and
- b) is not granted relief from section 723(3)(b) by ASIC by 10 March 2016,

it would be required to refund all Applicants' monies prior to the extended Offer Date, irrespective of whether the Applicant wishes to continue with their Application.

Accordingly, the Company has applied to ASIC to modify section 723(3)(b) of the Act to the effect that the three (3) month period will commence from the date of the latest supplementary disclosure document lodged with ASIC which discloses that:

- a) the securities are not quoted; and
- b) Applicants are given one (1) month to withdraw their Application and be repaid.

If and when the relief is granted, the Company will issue a further supplementary prospectus disclosing the items above (as well as any other material terms of the relief granted).

#### **DIRECTORS' CONSENT**

Each of the Directors of Trac Group Holdings Limited has consented to the lodgement of this Second Supplementary Prospectus with the Australian Securities and Investments Commission.

Signed for and on behalf of Trac Group Holdings Limited:

A handwritten signature in blue ink, appearing to be 'JP', with a horizontal line extending to the right.

Jason Perkins

Chief Executive Officer

Dated: 2 March 2016

## **SUPPLEMENTARY PROSPECTUS**

### **TRAC GROUP HOLDINGS LIMITED (A.C.N. 115 007 540)**

#### **IMPORTANT NOTICE**

This Supplementary Prospectus is dated 19 February 2016 and was lodged with the Australian Security and Investments Commission on that date. This Supplementary Prospectus supplements the Replacement Prospectus dated 23 December 2015 issued by Trac Group Holdings Limited and lodged with the Australian Securities and Investments Commission on that date.

This Supplementary Prospectus must be read in conjunction with the Replacement Prospectus.

The Australian Securities and Investments Commission and ASX Limited take no responsibility for the contents of this Supplementary Prospectus or the Replacement Prospectus.

Terms used in this Supplementary Prospectus have the same meaning as in the Replacement Prospectus unless otherwise defined or a contrary intention appears.

#### **REASONS FOR THIS SUPPLEMENTARY PROSPECTUS**

The purpose of this Supplementary Prospectus is to notify the extension of the Closing Date of the Offer from 23 February 2016 to 3 March 2016 as permitted by the terms of the Offer under the Replacement Prospectus.

#### **IMPORTANT DATES**

Offer Closes	5pm (AEDT) 3 March 2016
Completion	4 March 2016
Expected date for dispatch of holding statements	7 March 2016
Trading of shares commences on ASX (on a normal settlement basis)	10 March 2016

The closing date for the Offer has been extended to 5pm (AEDT) on 3 March 2016. The dates in the important dates timetable set out on page 7 of the Replacement Prospectus are amended as indicated above.

All references to any of the key dates listed above in the Replacement Prospectus shall be replaced with the key dates set out above. The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law. In particular, the Company reserves the right to close the Offer early, extend the Closing Date, accept late Applications or accept and process Applications once the Minimum Subscription is achieved while keeping the Offer open or extending the Closing Date for receipt of further Applications without notifying any recipients of this Supplementary Prospectus or any Applicants.

#### **DIRECTORS' CONSENT**

Each of the Directors of Trac Group Holdings Limited has consented to the lodgement of this Supplementary Prospectus with the Australian Securities and Investments Commission.

Signed for and on behalf of Trac Group Holdings Limited:



Bertio Terpstra

Executive Director

Dated: 19 February 2016

# Corporate Directory

## **Trac Group Holdings Ltd**

ACN 115 007 540

### **Registered Office**

Level 49  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

### **Directors**

Mr Jason Perkins  
Mr Bertio Terpstra  
Mr David Fagan  
Mr Michael Hazell

### **Company Secretary**

Mr Philip Thomas

### **Website**

Company website: [www.tractile.com.au](http://www.tractile.com.au)  
Offer website: [www.tractileipo.com.au](http://www.tractileipo.com.au)

### **Offer Information Line**

1300 407 610 (Overseas +613 9415 4393)  
8.30am to 5.30pm AEDT Monday to Friday

### **Auditor**

BDO  
Level 10  
12 Creek Street  
Brisbane QLD 4000

### **Investigating Accountant**

BDO Audit Pty Ltd  
Level 10  
12 Creek Street  
Brisbane QLD 4000

### **Legal Adviser**

Allens  
Level 31  
Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000

### **Lead Broker**

Halifax Investment Services Limited  
Level 49  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

### **Share Registry**

Computershare Investor Services Pty Limited  
117 Victoria Street  
West End QLD 4101

### **Proposed Listing Details**

Australian Securities Exchange  
ASX Code Reserved: TRC

# Contents

<b>Corporate Directory</b>	<b>IFC</b>
<b>Important Notices</b>	<b>4</b>
<b>Chairman's Letter</b>	<b>8</b>
<b>1 Investment Overview</b>	<b>9</b>
1.1 Introduction	10
1.2 Key features of the Trac Group's business model	13
1.3 Key strengths	14
1.4 Key risks	15
1.5 Key Offer statistics	16
1.6 The Board and senior executives	16
1.7 Significant interests of key people and related party transactions	17
1.8 Overview of the Offer	20
<b>2 Industry Overview</b>	<b>22</b>
2.1 Introduction	23
2.2 The Structure of the Roofing Services Industry	23
2.3 Trends in the Roofing Industry	24
<b>3 Business Overview</b>	<b>26</b>
3.1 Overview of Company	29
3.2 Corporate history	31
3.3 Products	32
3.4 Supplier Arrangements	42
3.5 Sales and Marketing strategy	42
3.6 Roll-out of Tractile™ Products into global markets	45
<b>4 Financials Section</b>	<b>47</b>
4.1 Introduction	48
4.2 Historical Financial Information	48
4.3 Pro-forma historical statement of financial position	48
4.4 Trac Group Historical and Pro-Forma Financial Information	49
4.5 Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income and Historical Statements of Cash Flows	50
4.6 Notes to and forming part of the Financial Information	51
4.7 Cash and Cash Equivalents	57
4.8 Trade and Other Payables	57
4.9 Borrowings	58
4.10 Issued Capital	58
4.11 Reserves	58
4.12 Accumulated Losses	59
4.13 Commitments	59
4.14 Contingent assets and liabilities	59
4.15 Subsequent events	59

## Contents

4.16	Dividend policy	59
4.17	Share and Option based payments	59
<b>5</b>	<b>Risks</b>	<b>60</b>
5.1	Introduction	61
5.2	Risks specific to an investment in the Company	61
5.3	General risks	64
<b>6</b>	<b>Key People, Interests and Benefits</b>	<b>65</b>
6.1	Board of Directors	66
6.2	Advisory Committee	68
6.3	Interests and benefits	70
6.4	Escrow arrangements	72
6.5	Corporate governance	74
6.6	Related party transactions prior to the Offer	76
<b>7</b>	<b>Details of the Offer</b>	<b>78</b>
7.1	The Offer	79
7.2	Purpose of the Offer and use of proceeds	79
7.3	Minimum Subscription	80
7.4	How do I apply under the Offer	80
7.5	Terms and Conditions of the Offer	82
7.6	ASX listing, registers and holding statement, and deferred settlement trading	83
7.7	ASX Bookbuild	83
7.8	Description of Shares	83
7.9	Ownership restrictions	86
<b>8</b>	<b>Investigating Accountant's Report</b>	<b>87</b>
<b>9</b>	<b>Additional Information</b>	<b>92</b>
9.1	Registration	93
9.2	Company tax status and financial year	93
9.3	Other material contracts	93
9.4	Litigation and claims	96
9.5	Consents	96
9.6	Australian taxation considerations	96
9.7	Privacy	99
9.8	Contract summaries	99
9.9	Photographs and diagrams	99
9.10	Governing law	99
9.11	Statement of Directors	99
<b>10</b>	<b>Glossary</b>	<b>100</b>
<b>11</b>	<b>Application Form</b>	<b>104</b>



## MULTI AWARD WINNING DESIGNS



Design Award  
Recognition



Best in Category

Winner Australian  
International Design  
Awards 2013

Best of Category  
Hardware and Building



Sustainability

Winner Australian  
International Design  
Awards 2013

Major award for  
Sustainability



Tractile Solar Horizon,  
Winner of the JEC  
ASIA Innovation  
Awards for Energy  
2012



Winner Queensland  
Premier's Sustainability  
Award for Innovation  
in Sustainable  
Technologies



# Important Notices

## Replacement Prospectus

This Replacement Prospectus dated 23 December 2015 replaces a prospectus dated and lodged with the Australian Securities and Investments Commission (ASIC) on 10 December 2015 (Original Prospectus). For the purposes of this document, this Replacement Prospectus will be referred to as either “this Replacement Prospectus” or “this Prospectus”. This Replacement Prospectus has been issued to, amongst other matters:

- clarify the nature of Mr Perkins’ interest in the Company after completion of the Offer;
- better identify the key risks associated with an investment in Trac Group;
- provide historical financial information in respect of the financial years ended 30 June 2014 and 30 June 2015; and
- provide further information around certifications.

## Offer

This Replacement Prospectus is issued by Trac Group Holdings Ltd (ACN 115 007 540) (the **Company**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Offer contained in this Replacement Prospectus is an invitation to subscribe for fully paid ordinary shares (**Shares**) in the Company. Refer to Section 7 of this Prospectus for further information. All references to this Prospectus are references to this Replacement Prospectus.

None of ASIC, ASX or their respective officers takes any responsibility for the contents of this Replacement Prospectus or for the merits of an investment in the Company to which this Replacement Prospectus relates. Trac Group has applied to ASX for admission of the Company to the Official List and for quotation of its Shares on ASX.

If permission is not granted for the quotation of the Shares on ASX within 3 months after the Prospectus Date (or any other date permitted by law) all Application Monies paid will be returned without interest as soon as practicable.

## Expiry Date

No Shares will be allotted or issued on the basis of this Prospectus later than thirteen months after the Prospectus Date.

## Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its Shares or any other financial products.

This Prospectus is an important document and should be read in its entirety prior to deciding whether to invest in the Company. There are risks associated with an investment in the Company, which must be regarded as a speculative investment. Some of the risks that should be considered prior to making an investment in the Company are set out in Section 5. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may be additional risks that should be considered in light of your personal circumstances.

If you do not understand any part of this Prospectus, or you are in doubt as to how to deal with it, you should consult your accountant, stockbroker, solicitor or other professional adviser before deciding whether to invest in the Shares.

Except to the extent required by law, no person named in this Prospectus, nor any other person, warrants or guarantees the Company’s performance or the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

## No Offer where Offer would be illegal

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into

possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

#### Notice to United States residents

The Shares being offered pursuant to this Prospectus have not been registered under the *United States Securities Act of 1933*, as amended (**US Securities Act**) or the securities laws of any state of the United States and may not be offered or sold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Shares in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act. In addition, any hedging transactions involving the Shares may not be conducted unless in compliance with the US Securities Act.

#### Financial Information and amounts

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information. All references to FY2013, FY2014, FY2015 and FY2016 appearing in this Prospectus are to the financial years ended 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016, respectively, unless otherwise indicated. The Pro-Forma Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards, except where otherwise stated.

The Pro-Forma Financial Information included in this Prospectus is unaudited and is based on a number of assumptions including those set out in Section 4 and should be read in conjunction with, and is qualified by reference to, the information contained in Section 4.

Some numerical figures in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

#### Disclaimers

No person is authorised by the Company to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, operations and prospects may have changed since the Prospectus Date.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as 'aim', 'anticipate', 'assume', 'believe', 'could', 'due', 'estimate', 'expect', 'goal', 'intend', 'may', 'objective', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would' and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 5. Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements.

These forward-looking statements speak only as at the Prospectus Date. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information, future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with ASX after the Prospectus Date.

#### ASX Bookbuild

The Company may at its discretion elect to use ASX Bookbuild, the capital raising facility operated by ASX. If the Company does proceed to use the ASX Bookbuild Facility, it will announce this (together with all relevant parameter information and other details as required by the ASX Settlement Operating Rules and the Corporations Act) on the Company's Offer website ([www.tractileipo.com.au](http://www.tractileipo.com.au)) and its corporate website ([www.tractile.com.au](http://www.tractile.com.au)). That announcement will also be issued via the ASX Announcements Platform.

#### OnMarket

The Company may at its discretion elect to permit applications through OnMarket. If the Company does proceed to use OnMarket, you will need to join 'OnMarket' via [www.onmarketbookbuilds.com](http://www.onmarketbookbuilds.com) or via the OnMarket app (download in the AppStore or Google play) and fill in your details in the investment profile section.

### Exposure Period

The Corporations Act prohibits the Company from processing Applications under the Offer in the seven-day period after the date of lodgement of the Original Prospectus with ASIC (**Exposure Period**). This period was extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable the Original Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period, without the Application Form, by being posted on the Company's Offer website: [www.tractileipo.com.au](http://www.tractileipo.com.au).

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

### Electronic Prospectus

This Prospectus will be made available in electronic form on the Company's Offer website: [www.tractileipo.com.au](http://www.tractileipo.com.au).

The other information on the Company's corporate website and the Offer website do not form part of this Prospectus.

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company. A paper copy of this Prospectus is available for Australian residents free of charge by contacting the Offer Information Line Tel: 1300 407 610 (Overseas +613 9415 4393) between 8.30am to 5.30pm AEDT Monday to Friday.

Applications for Shares under this Prospectus may be made on the electronic Application Form attached to the electronic version of this Prospectus on the Company's Offer website ([www.tractileipo.com.au](http://www.tractileipo.com.au)), a printed copy of the Application Form attached to or accompanying this Prospectus or where the Company elects to use ASX BookBuild or OnMarket, via the Applicant's broker or OnMarket (as applicable). The Corporations Act prohibits any person from distributing the Application Form to another person unless it is attached to a hard copy of the Replacement Prospectus or the complete and unaltered electronic version of the Replacement Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

### Privacy

The Company will collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a security holder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Shares that you hold). Under the Corporations Act some of this information must be included in the Company's Shareholder registers, which will be accessible by the public.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and its Share Registry may not be able to process your Application.

The Company may also share your personal information with service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside of Australia.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's privacy policy located on the Company's website. Alternatively, you can contact the Company by telephone on 1300 00TRAC (1300 008722) and the Company will send you a copy of its privacy policy free of charge. It is recommended that you obtain a copy of the Company's privacy policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Company's privacy policy located on the Company's website.

The Company's privacy policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian privacy laws, and how the Company will deal with your complaint.

The Company may be required under the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) or any law to obtain identification information from Applicants. The Company reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

### No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

### Investigating Accountant's report

The Investigating Accountant's report is provided in Section 8.



## Definitions and abbreviations

The Glossary and abbreviations used in this Prospectus are set out in Section 10.

## Time

All references to time in this Prospectus refer to Australian Eastern Daylight Time (AEDT) unless stated otherwise.

## Data

All data contained in charts, graphs and tables is based on information available as at the Prospectus Date unless otherwise stated.

## Questions

Instructions on how to apply for securities are set out in Section 7.4 of this Prospectus and on the back of the provided Application Form. If you have any questions about how to apply for Shares, please call your broker. Alternatively, call the Offer Information Line on 1300 407 610 (Overseas +613 9415 4393) from 8.30am to 5.30pm AEDT, Monday to Friday (Business Days only).

## Important Dates

Lodgement of the Original Prospectus with ASIC	10 December 2015
Lodgement of the Replacement Prospectus with ASIC	23 December 2015
Offer opens	25 December 2015
Offer closes	5.00pm AEDT, 23 February 2016
Completion	25 February 2016
Expected date for dispatch of holding statements	26 February 2016
Trading of Shares commences on ASX (on a normal settlement basis)	3 March 2016

## Dates May Change

The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law. In particular, the Company reserves the right to close the Offer early, extend the Closing Date, accept late Applications or accept and process Applications once the Minimum Subscription is achieved while keeping the Offer open or extending the Closing Date for receipt of further Applications without notifying any recipients of this Prospectus or any Applicants. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.

## How to Invest

Applications for Shares can only be made by completing and lodging an Application Form or, where the Company elects to use ASX Bookbuild and/or OnMarket, through the Applicant's broker or OnMarket (as applicable).

Instructions on how to apply for Shares are set out in Section 7.4 of this Prospectus and on the back of the Application Form provided.

## Questions

If you have any questions about how to apply for Shares, please call your broker. Alternatively, call the Offer Information Line on 1300 407 610 (Overseas +613 9415 4393) from 8.30am to 5.30pm AEDT time, Monday to Friday (Business Days only).

## Key Offer Statistics

The following table highlights key Offer statistics and should be read in conjunction with Financial Information contained in Section 4.

Offer Price	\$0.25	
Total number of Shares on issue as at the Prospectus Date	56,375,359	
	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Total number of new Shares to be issued under the Offer	14,000,000	26,000,000
Total number of Shares to be held by Existing Owners on completion of the Offer <sup>1</sup>	56,375,359	56,375,359
Total number of Shares on issue after the Offer <sup>1</sup>	70,375,359	82,375,359
Indicative market capitalisation <sup>2</sup>	\$17,593,840	\$20,593,840
Gross cash proceeds from the Offer	\$3,500,000	\$6,500,000

<sup>1</sup> This excludes any Shares which may be issued upon exercise of Options.

<sup>2</sup> Calculated by multiplying the total number of Shares on issue after completion of the Offer by the Offer Price.



# Chairman's Letter

10 December 2015

Dear Investor,

On behalf of the Board of Directors it is with great pleasure that I invite you to become a Shareholder in Trac Group Holdings Ltd. I have personally invested in the Company and purchased Tractile™ Products to roof and power my home.

This Offer provides the opportunity to own Shares in a company that has developed award winning innovative and sustainable roofing solutions, protected by an intellectual property portfolio.

Trac Group has designed smart roofing solutions that can also harvest the sun's energy to generate electricity and heated water. This technology is called Roof Integrated Photovoltaic and Thermal (RIPV-T) and is marketed by Trac Group under the Tractile™ brand.

Worldwide there are 514 cities with a population of more than 1,000,000 people and 211 of these cities are within countries in which patents relating to its Tractile™ Products have already been granted to Trac Group. Of the 303 cities remaining, 257 are the subject of patent applications that are in the process of examination.

The global markets for Solar and Building-integrated Photovoltaic products are expected to grow significantly. Trac Group is well positioned to pursue commercial advantage from this opportunity.

As with other companies, Trac Group is subject to a range of risks, some of which are specific to its business activities and others which apply specifically to the roofing products sector. These risks, and others, are further discussed in Section 5 of this Prospectus.

This Prospectus also contains detailed information about the Offer, Trac Group's business, the roofing products and services sectors generally, and the financial and operating performance of Trac Group. I encourage you to read it carefully and in its entirety before making your investment decision.

On behalf of my fellow Directors, I thank you for considering this opportunity and I look forward to welcoming you as a Shareholder.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'David Fagan', written in a cursive style.

**David Fagan**  
Non-Executive Chairman



# Investment Overview

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety.

If you are in doubt as to the course you should follow, please consult your professional advisers.

## 1.1 Introduction

Topic	Summary	More Information
<b>Who is Trac Group and what does it do?</b>	<p>The Company was incorporated in 2005 and became a public company limited by shares in 2014.</p> <p>Trac Group designs, supplies and distributes innovative and sustainable roofing solutions, protected by an intellectual property portfolio. Tractile™ Products are large format, lightweight, high strength, flat profile roof tiles and solar roof tiles with solar photovoltaic (electricity) and thermal (hot water) capacity integrated into the tiles.</p>	Section 3

Topic	Summary	More Information							
Why is the Offer being conducted?	Trac Group has completed research and development, invested in intellectual property and developed award-winning products. Trac Group is now raising money to take its products to the market.	Section 3							
	<p>The Company expects that, on Completion of the Offer at the Minimum Subscription level, it will be able to:</p> <ul style="list-style-type: none"><li>▪ Increase sales growth and build brand value in the Australian market;</li><li>▪ Launch the Tractile™ Products range nationally;</li><li>▪ Commence planning the roll-out internationally into selected roofing markets at a speed and scale consistent with available funds; and</li><li>▪ Use a small proportion of the funds to assist in developing or securing the next generation of innovative technologies.</li></ul> <p>In addition, at the Maximum Subscription level, the Company will be able to:</p> <ul style="list-style-type: none"><li>▪ Increase marketing activity;</li><li>▪ Implement the international roll-out plan of the Company's products;</li><li>▪ Increase manufacturing capacity;</li><li>▪ Invest more into the product development programme; and</li><li>▪ Increase working capital.</li></ul> <p>Quotation of the Shares will:</p> <ul style="list-style-type: none"><li>▪ Assist in providing a market for Shares in the Company;</li><li>▪ Provide the Company with the benefits of the increased profile that arises from being listed; and</li><li>▪ Provide the Company with access to the capital markets to improve capital management flexibility.</li></ul>	Section 7							
What is the historical performance of Trac Group?	Like many early stage entities seeking expansion capital Trac Group has incurred losses to date, having invested into research and product development, intellectual property protection and plant and equipment.	Section 4							
	<p>Trac Group recorded losses of:</p> <ul style="list-style-type: none"><li>▪ \$528,975 in the financial year ended 30 June 2015;</li><li>▪ \$133,802 in the financial year ended 30 June 2014; and</li><li>▪ \$292,369 in the financial year ended 30 June 2013.</li></ul> <p>As at 30 June 2015 Trac Group had audited accumulated consolidated losses of \$3,103,718.</p> <p>As at 30 June 2015 Trac Group has tax losses (both income and capital in nature) totalling \$2,951,863 which are not recognised in the financial statements, but may be offset against future taxable income and capital gains.</p> <p>If the Minimum Subscription is not reached, the Company will require further funding from alternative sources in order to continue its operations.</p>	Section 8							
What is the forecast financial performance?	Given the Trac Group is in its early stages of commercialisation of the Tractile™ Products, it is not possible to provide financial forecasts.	Section 4 Section 8							
What is the historical financial position of the Trac Group?	As at 30 June 2015 Trac Group's consolidated financial position was (in summary):	Section 4.4							
	<table><tr><td>Cash at bank:</td><td>\$363,594</td></tr><tr><td>Total assets:</td><td>\$942,106</td></tr><tr><td>Total liabilities:</td><td>\$432,689</td></tr><tr><td>Net assets:</td><td>\$509,417</td></tr></table>	Cash at bank:	\$363,594	Total assets:	\$942,106	Total liabilities:	\$432,689	Net assets:	\$509,417
Cash at bank:	\$363,594								
Total assets:	\$942,106								
Total liabilities:	\$432,689								
Net assets:	\$509,417								

Topic	Summary	More Information
<b>What will be the capital structure on completion of the ASX listing of the Company?</b>	<p>Following Completion and on obtaining quotation of the Shares on the ASX, the Company will have a minimum of 70,375,359 and a maximum of 82,375,359 Shares on issue.</p> <p>In addition there will be 12,500,000 Options on issue, convertible into the same number of Shares on exercise. These Options are held by the CEO and are exercisable on or before 30 October 2019 at \$0.20 in respect of 6,500,000 Options, and on or before 30 October 2019 at \$0.25 in respect of 6,000,000 Options. However, the latter tranche of Options only becomes exercisable at certain times if certain conditions are met – see Section 6.3(d).</p>	<p>Section 7</p> <p>Section 4.9</p>
<b>What is the Trac Group's history?</b>	<p>In recent years, the Trac Group has focused on product development. Its achievements include:</p> <ul style="list-style-type: none"> <li>▪ Three patents filed and/or granted in multiple countries;</li> <li>▪ International recognition as a leader in both composite materials design and Roof Integrated Photovoltaic and Thermal (RIPV-T) systems;</li> <li>▪ 2012 JEC Asia Award for Innovation in Energy;</li> <li>▪ 2013 Queensland Premier's Sustainability Award for Innovation in Sustainable Technologies; and</li> <li>▪ 2013 Australian International Design Awards: Major Award for Sustainability; and Best of Category – Hardware and Building.</li> </ul> <p>In addition, the Trac Group has received a number of non-refundable grants to support its research and development activity, including:</p> <ul style="list-style-type: none"> <li>▪ Selection as a case study product for the Embedded Energy Project funded by the Queensland Government;</li> <li>▪ Receipt of \$240,000 funding from Ergon Energy to conduct early prototypes and product testing;</li> <li>▪ Receipt of \$236,640 from Commercialisation Australia (now Accelerating Commercialisation), a Federal Government initiative, for proof of concept; and</li> <li>▪ The benefit of research and development tax incentives from the Federal Government.</li> </ul>	Section 3
<b>What has happened in the last 12 months?</b>	<p>Trac Group has:</p> <ul style="list-style-type: none"> <li>▪ Investigated marketing strategies;</li> <li>▪ Commenced limited sales and installations of roofing systems;</li> <li>▪ Introduced Thermo tiles to market;</li> <li>▪ Achieved Certification of its Tractile™ Eclipse roof tiles to Bushfire Attack Level 40 (BAL 40) the highest possible bushfire rating for residential buildings in bush fire zones;</li> <li>▪ Achieved Certification of its Tractile™ Eclipse and Tractile™ Solar Eclipse roof tiles to Australian Standards for roof cladding;</li> <li>▪ Progressed patent applications;</li> <li>▪ Undertaken a capital raising of \$868,382 to fund working capital and the Offer process; and</li> <li>▪ Prepared for the Offer.</li> </ul>	Section 3



## 1.2 Key features of the Trac Group's business model

Topic	Summary	More Information
<b>What are the Tractile™ Products?</b>	<p>Trac Group designs and supplies innovative and sustainable roofing systems under the Tractile™ brand. The Tractile™ Products range consists of:</p> <ul style="list-style-type: none"> <li>▪ Roof tiles – lightweight, large format tiles, made from composite materials, marketed under the name of Tractile™ Eclipse;</li> <li>▪ Solar roof tiles – tiles made from composite materials, with Photovoltaic and thermal capability for electricity and hot water, marketed under the names Tractile™ Solar Eclipse and Tractile™ Solar Horizon; and</li> <li>▪ Associated roofing components – steel roofing battens, flexible flashings, sealants and fixings.</li> </ul> <p>Trac Group also intends to distribute and sell:</p> <ul style="list-style-type: none"> <li>▪ Energy system components such as inverters and battery systems; and</li> <li>▪ Energy management systems including software.</li> </ul>	Section 3.3
<b>What is the Trac Group's target industry?</b>	<p>Trac Group operates in the roofing industry and targets the pitched roof sector with an innovative and sustainable product offering.</p> <p>Pitched roofing refers to angles greater than 5 degrees. Approximately 75% of roofs are between 15 and 25 degrees.</p>	Section 2.1
<b>What is the Company's strategy?</b>	<p>The Company's key strategies are to:</p> <ul style="list-style-type: none"> <li>▪ Develop and scale up Australian distribution and sales;</li> <li>▪ Build international distribution networks; and</li> <li>▪ Diversify the Tractile™ Products range.</li> </ul>	Section 3
<b>How does the Company intend to fund Trac Group's operations?</b>	<p>The Company intends to use the funds raised through the Offer and any future profits to fund its operations.</p>	<p>Section 4</p> <p>Section 7</p>
<b>How will the Trac Group generate revenue and what will be its key costs?</b>	<p>Trac Group will primarily derive its income through the sale of innovative and sustainable roofing systems incorporating the Tractile™ Products.</p> <p>The Company's key costs will include manufacturing, distribution and sales, logistics, marketing, and employee and contractor costs.</p>	Sections 3, 4, 7

### 1.3 Key strengths

Topic	Summary	More Information
What are the key strengths of the Tractile™ Products?	<ul style="list-style-type: none"> <li>▪ <b>Innovative Products</b> – award-winning products manufactured from composite materials;</li> <li>▪ <b>Strong</b> – the composite materials used are very strong;</li> <li>▪ <b>Light</b> – the materials used are light weight;</li> <li>▪ <b>Aesthetically Pleasing Designs</b> – Tractile™ roof designs are aesthetically pleasing;</li> <li>▪ <b>Sustainability</b> – the composite material used is assessed as having a greatly reduced embedded energy footprint;</li> <li>▪ <b>Long Lasting</b> – Tractile™ Products have a long lifespan;</li> <li>▪ <b>Electricity Generation</b> – the integrated Tractile™ Solar tile harvests the sun's energy using Photovoltaics to produce electricity;</li> <li>▪ <b>Energy Storage</b> – the Company offers integrated battery solutions to store electricity generated by the Tractile™ Solar tiles;</li> <li>▪ <b>Water Heating Capability</b> – the Tractile™ Solar and Tractile™ Solar Thermal tiles harvest the sun's energy to generate heated water;</li> <li>▪ <b>Safer</b> – Tractile™ Products are designed and engineered for improved safety (safer access and better weight bearing);</li> <li>▪ <b>Extreme Weather Resistant</b> – Tractile™ Products are designed and engineered for extreme weather conditions;</li> <li>▪ <b>Wind Resistant</b> – Tractile™ Products have been certified to Australian Standards; and</li> <li>▪ <b>Fire Retardant</b> – Tractile™ Products are certified to Bushfire Alarm Level 40 (BAL 40), the highest possible bushfire rating for residential buildings in bush fire zones.</li> </ul>	Section 3.3
What are the key strengths of the Trac Group business?	<p><b>Award-winning products</b> – The Company has won national and international awards for its Tractile™ Products.</p> <p><b>Intellectual Property Portfolio</b> – Trac Group carefully manages its intellectual property portfolio which includes internationally registered trade marks and three patents related to Tractile™ Products that have been applied for and/or been granted in multiple countries.</p> <p><b>Global Exposure and Opportunity</b> – Tractile™ Products have been designed and developed with a view to selling them into international roofing markets as well as Australian markets. Worldwide there are 514 cities with a population of more than 1,000,000 people, 211 of which cities are within countries in which patents have already been granted to the Company, with the vast majority of the remainder covered by patent applications that are in the examination process.</p> <p><b>Board and Management Expertise</b> – the Board and management of Trac Group are experienced individuals with a broad range of commercial skills, combined with executives who possess leading knowledge of composite materials, lightweight building systems, and solar energy.</p> <p><b>Roofing Trend Alignment</b> – Trac Group is well positioned to take advantage of emerging roofing trends towards low pitch roofing, lightweight building systems, sustainable materials, energy efficient housing, solar power and battery storage.</p>	<p>Section 3.3(b)</p> <p>Section 3.3(f), (g)</p> <p>Section 3.6</p> <p>Sections 6.1, 6.2</p> <p>Section 2.3, 3.3</p>

## 1.4 Key risks

Topic	Summary	More Information
<b>Sales and marketing success</b>	Revenues are dependent on the successful commercialisation of the Tractile™ Products. The Company has retained experienced advisers to assist in developing and implementing appropriate sales and marketing strategies but there is a risk that the adopted strategies will not be successfully executed.	Section 5.2 (a)
<b>Competition</b>	There is no certainty that the Trac Group will be able to compete successfully with existing and new competitors or establish, maintain and expand supply and distribution contracts.	Section 5.2 (b)
<b>Price</b>	Tractile™ Products can be more expensive than traditional roofing products.	Section 5.2 (c)
<b>Limited sales history</b>	Trac Group has installed several test sites but has a limited sales history, having only made a small number of sales in Australia (less than 10).	Section 5.2 (d)
<b>Exchange rates</b>	Trac Group's raw materials are purchased in US Dollars. Tractile™ Products will be sold in Australia in Australian Dollars and internationally in US Dollars. Therefore costs and profitability will initially be subject to movements in the US/Australian dollar exchange rate. Movements in the currencies for other countries in which the Company may operate may also affect profits.	Section 5.2 (e)
<b>Intellectual property</b>	Protection of intellectual property is uncertain and involves complex and evolving factual and legal questions, and potential legal challenges.	Section 5.2 (f)
<b>Reliance on key personnel</b>	Trac Group currently relies on a small team of employees (less than 5). This leaves the Trac Group potentially exposed through the unavailability or loss of key individuals, particularly those with specific knowledge or expertise. Such loss or unavailability may affect the Trac Group's operational and financial performance.	Section 5.2 (g)
<b>Certification of products</b>	Certification of products is required for the Tractile™ Products to be sold in the various Australian and international markets. Some but not all Certifications are in place. This may limit or restrict the sale of Tractile™ Products. The Company will apply for further Certifications as part of the use of funds under this Prospectus.	Section 5.2 (h)
<b>Sufficiency of funding</b>	There is no guarantee that the Offer under this Prospectus will raise sufficient capital at either the Minimum or Maximum Subscription level to enable the Company to achieve its initial business objectives.  If only the Minimum Subscription is raised the Company's plans to expand internationally will be restricted.	Section 5.2 (i)
<b>Liquidity risk</b>	There can be no guarantee that an active market in the Shares will develop, even when listed on the ASX.  There may be relatively few, or many, potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in the Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.	Section 5.2 (j)
<b>Operational and technical risks</b>	Disruptions to operations may be caused by equipment failure, adverse political opposition, industrial accidents, labour disputes, customs and port delays, incorrect equipment specification or operations of the factory, which all result in increased production costs affecting the Trac Group's competitive position.	Section 5.2 (k)
<b>Supplier risks</b>	The Company currently relies on a number of overseas suppliers for the manufacture of its products. There are risks that are inherent in manufacturing operations including factory breakdowns and damage, below standard workmanship or materials and employee issues and workplace health and safety issues. Any adverse impact on production could have a materially adverse impact on the Trac Group's ability to meet customer needs or achieve its expansion plans or Trac Group's financial performance.	Section 5.2 (l)

Topic	Summary	More Information
<b>Product quality and reliability risks</b>	There can be no assurance that a product liability or other claim would not materially and adversely affect the business or financial condition of the Trac Group.	Section 5.2 (m)
<b>Counterparty risks</b>	Any failure by local or overseas counterparties to comply with their contractual responsibilities, or any financial default or insolvency of a counterparty, could adversely impact the performance of Trac Group.	Section 5.2 (n)
<b>New technology solutions</b>	There is a possibility that new products could substitute for the Tractile™ Products. The key areas of possible technology substitution fall into two categories: incremental improvements on existing technology; and, introduction of step change technologies.	Section 5.2 (o)
<b>Legacy issues</b>	The Company has recently undertaken a conversion from a proprietary company to a public company and on Completion will become a public listed company on the ASX. Whilst the Directors will provide oversight and guidance in relation to this latter process there are risks associated with such a transition. The Company is not aware of any legacy issues.	Section 5.2 (p)
<b>Loss making</b>	The Company and Trac Group are currently loss making. Trac Group has a history of net losses and has not yet made a profit. There is no guarantee that Trac Group will achieve sufficient sales to become profitable.	Section 5.2 (q)
<b>Property cycle</b>	Demand for Tractile™ Products may be impacted by Property Cycles.	Section 5.2 (r)
<b>Stake of Jason Perkins</b>	<p>Following Completion, Jason Perkins will have voting control over a minimum of 44% and as much as 58.8% of the Shares in the Company. Mr Perkins will have the power to prevent the Company from passing a special resolution in general meeting and may also have the power to control an ordinary resolution. This may impact the Board structure and composition.</p> <p>Up to 99.9% of these Shares are expected to be subject to escrow or other disposal restrictions until the times permitted by the relevant escrow agreements. A significant sale of Shares by Mr Perkins, or the perception that such a sale has occurred or might occur, could adversely affect the price of Shares.</p>	Section 5.2(s)

## 1.5 Key Offer statistics

Topic	Summary	More Information
<b>What are the key Offer statistics?</b>	The Company is seeking to raise up to \$6,500,000 by the issue of 26,000,000 shares at \$0.25 each, with a minimum subscription of \$3,500,000.	Section 7.1

## 1.6 The Board and senior executives

Topic	Summary	More Information
<b>Who are the Directors and senior executives of the Company?</b>	<p><b>Directors</b></p> <ul style="list-style-type: none"> <li>Mr David Fagan (Independent Non-executive Chairman)</li> <li>Mr Jason Perkins (Managing Director and CEO)</li> <li>Mr Bertio Terpstra (Executive Director)</li> <li>Mr Michael Hazell (Independent Non-executive Director)</li> </ul> <p><b>Company Secretary</b></p> <ul style="list-style-type: none"> <li>Mr Philip Thomas</li> </ul> <p><b>Senior management</b></p> <ul style="list-style-type: none"> <li>Mr Jason Perkins</li> <li>Mr Bertio Terpstra</li> </ul> <p>The Board and senior management are supported by the Advisory Committee.</p>	Section 6.1

Topic	Summary	More Information
<b>What is the role of the Advisory Committee and who are its members?</b>	<p>The role of the Advisory Committee is to provide technical advice and assistance to support the Board in decision-making. The membership of the Advisory Committee consists of professionals with diverse backgrounds.</p> <p>Advisory Committee Members:</p> <ul style="list-style-type: none"> <li>▪ Dr Neil Thompson</li> <li>▪ Dr Linda Koschier</li> <li>▪ Dr Keith Mitchell</li> <li>▪ Mr Greg Hull</li> <li>▪ Mr Bob Beusekom</li> <li>▪ Mr Helmut Pfeifhofer</li> <li>▪ Mrs Alexis Dodwell</li> </ul>	Section 6.2

## 1.7 Significant interests of key people and related party transactions

Topic	Summary	More Information
Who are the Existing Owners and what will their interest in the Company be before and after Completion?	Significant Interests of Key People and Related Parties	Section 6.3



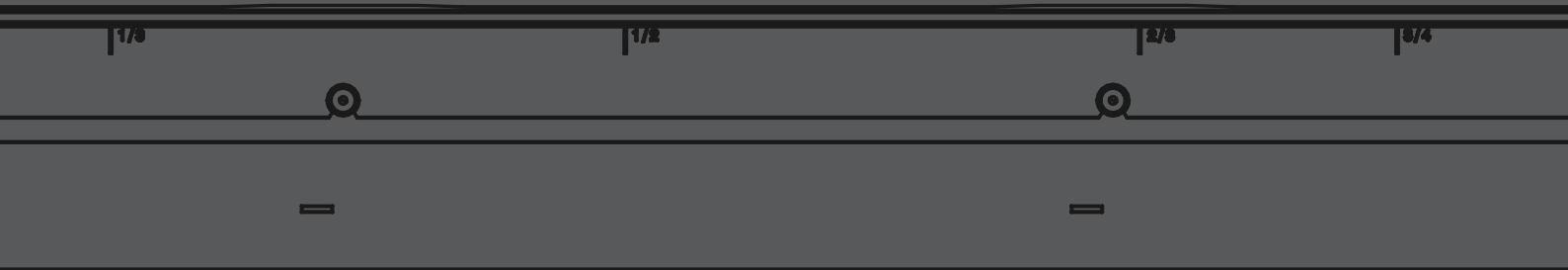
Topic	Summary	More Information
<b>What significant benefits and interests are payable to Directors and senior managers?</b>	<p>The independent Non-Executive Directors will be paid the following:</p> <ul style="list-style-type: none"> <li>David Fagan will be paid \$60,000 per annum, payable for the first year 50% in cash and 50% in Shares issued at the Offer Price; and</li> <li>Michael Hazell will be paid \$50,000 per annum, payable for the first year 100% in Shares issued at the Offer Price.</li> </ul> <p>The Executive Directors/Senior Managers will be paid the following:</p> <ul style="list-style-type: none"> <li>Jason Perkins is to receive a base salary of \$164,250 (including superannuation) in addition to his 6,000,000 conditional Options, each with an exercise price of \$0.25 and an expiry date of 30 October 2019. The Options will become exercisable in tranches of 2,000,000 on 30 October 2016, 30 October 2017 and 30 October 2018 if Mr Perkins remains employed by the Company on those dates. If Mr Perkins' employment is terminated by the Company before 30 October 2018 for reasons other than serious or wilful misconduct, the balance of his conditional Options not already exercisable will become exercisable on a pro rata basis. However, if Mr Perkins' employment is terminated at his election, or by reason of serious, wilful or persistent misconduct, the balance of his conditional Options not already exercisable will not become exercisable. The value of the conditional Options that may become exercisable annually to Mr Perkins equates to approximately \$90,000 on top of his cash salary; and</li> <li>Bertio Terpstra is to receive a base salary of \$164,250 (including superannuation) in addition to a Share package of 2,351,861 Shares. These Shares have already been issued and have attached to them a requirement for Mr Terpstra to serve the full three-year term of his employment agreement to retain all these Shares. In the event Mr Terpstra leaves the Company, or is terminated by reason of serious or wilful misconduct, a portion of the Shares will be forfeited pro-rata to the length of time remaining in his three year term.</li> </ul> <p>In the opinion of the Directors, the cash salary components of these arrangements are below market rates for both Non-Executive Directors and executive Directors. The Board and senior management have elected to minimise the cash outlaid in salaries and directors fees to preserve cash and to accept part payment in Shares and Options to better align their interests with other Shareholders.</p> <p>Members of the Advisory Committee do not currently receive any compensation other than their expenses incurred in attending to Trac Group's business.</p> <p>The Remuneration and Nomination Committee will review all of these arrangements after 30 June 2016.</p>	Section 6.3

Topic	Summary		More Information
Have there been any related party transactions prior to the Offer?			Section 6.6
	<b>Related party</b>	<b>Pre-Offer transactions</b>	
	Jason Perkins through his private companies Tilmanstone Pty Ltd and Tilmanstone Projects Pty Ltd as trustee for Tilmanstone Projects No.3 Discretionary Trust	<ul style="list-style-type: none"> <li>Agreed to provide a loan facility to the Company of up to \$100,000 to meet short-term funding requirements of the Company in connection with the Offer.</li> <li>Company paid for provision of consultancy services.</li> <li>Company fully repaid loan.</li> <li>Company issued Options under Mr Perkins' employment arrangements.</li> <li>Company issued Shares in consideration of previous services.</li> </ul>	
	Bertio Terpstra through his private company Sola Drive Pty Ltd as trustee for Flut Terp Discretionary Trust	<ul style="list-style-type: none"> <li>Company issued Shares as part of Mr Terpstra's ongoing employment arrangements and in consideration for previous services.</li> <li>Company paid for provision of consultancy services.</li> </ul>	
	Jeffrey Worboys (Former Director)	<ul style="list-style-type: none"> <li>Tractile Pty Ltd (a Company subsidiary) has a lease for premises from a trust associated with Mr Worboys.</li> </ul>	
	Halifax Investment Services Limited (Related to former Director Jeffrey Worboys)	<ul style="list-style-type: none"> <li>Halifax is the Lead Broker to this Offer.</li> <li>Upon successful completion of the Offer and ASX listing, the following fees will be paid by the Company to the Lead Broker:               <ul style="list-style-type: none"> <li>a fee of up to 1% (plus GST) on all capital raised under the Offer; and</li> <li>an additional fee of up to 4% (plus GST) on all capital raised directly from the Lead Broker's client base.</li> </ul> </li> </ul>	
	Michael Hazell through his private company Moesy Pty Ltd as trustee for the Hazell Corp Superannuation Fund	<ul style="list-style-type: none"> <li>Acquired Shares in the Company prior to appointment as Non-Executive Director.</li> <li>Issued Shares in consideration of services performed prior to the Offer.</li> <li>Issued Shares as remuneration for Mr Hazell's appointment as Non-Executive Director.</li> </ul>	
	David Fagan through his private company Fagan Investments Pty Ltd as trustee for the Fagan Superannuation Fund	<ul style="list-style-type: none"> <li>Issued Shares in consideration of services performed prior to the Offer.</li> <li>Issued Shares as remuneration for Mr Fagan's appointment as Non-Executive Director.</li> </ul>	
	David Fagan, together with Jane Fagan, as the then trustees for the Fagan Superannuation Fund	<ul style="list-style-type: none"> <li>Acquired Shares in the Company prior to appointment as Non-Executive Director.</li> </ul>	

## 1.8 Overview of the Offer

Topic	Summary	More Information
<b>Who is the making the Offer?</b>	Trac Group Holdings Ltd, ACN 115 007 540	Section 3
<b>Why is the Offer being conducted?</b>	See Section 1.1 above.	Section 7
<b>Will the Shares be quoted?</b>	The Company applied for admission to the Official List and for quotation of Shares on ASX under the code TRC within seven days of the Prospectus Date. Completion is conditional upon ASX approving this application. If approval is not given within three months after the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.6
<b>Is the Offer underwritten?</b>	The Offer is not underwritten.	Section 7
<b>What is the allocation policy?</b>	The Board of Directors of the Company has absolute discretion regarding the allocation of Shares under the Offer.	Section 7
<b>Is there any brokerage, commission or stamp duty payable by Applicants?</b>	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 7
<b>Is there any brokerage payable by the Company?</b>	<p>The Company has entered into an agreement with the Lead Broker pursuant to which the Lead Broker is responsible for promoting the IPO to its client base on a best endeavours non-held basis. The Lead Broker will also encourage other Brokers to participate and work with them to promote the Offer. Any brokerage fees paid by the Company are subject to successful completion of the IPO and ASX listing. Brokerage fees comprise of:</p> <ul style="list-style-type: none"> <li>▪ a fee of up to 1% (plus GST) to the Lead Broker, on all capital raised under the Offer; and</li> <li>▪ an additional fee of up to 4% (plus GST) to any broker (including the Lead Broker) on all capital raised directly from that broker's client base.</li> </ul>	Section 6.3(a)
<b>What are the tax implications of investing in Shares?</b>	<p>Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of investors to make their own enquiries concerning the taxation consequences of an investment in the Company.</p> <p>If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.</p> <p>An overview of the tax treatment for Australian resident investors is included in Section 9.6.</p>	Section 9.6
<b>What is the Company's dividend policy?</b>	The Directors of the Company do not anticipate paying a dividend in the short to medium term.	Section 7.2(d) and 7.8(d), Section 4.15

Topic	Summary	More Information
<b>How can I apply?</b>	<p>You may apply for shares under the Offer by properly completing an Application Form. Applications for Shares under this Prospectus may be made on the electronic Application Form attached to the electronic version of this Prospectus on the Company's Offer website (<a href="http://www.tractileipo.com.au">www.tractileipo.com.au</a>), or on a printed copy of the Application Form attached to or accompanying this Prospectus. To the extent permitted by law, an Application under the Offer is irrevocable.</p> <p>The Company may at its discretion elect to use ASX Bookbuild, the capital raising facility operated by ASX. If the Company does proceed to use the ASX Bookbuild facility, an application may also be made via ASX Bookbuild by instructing your broker to submit a bid via the ASX Bookbuild Facility prior to the close of the bookbuild.</p> <p>The Company may at its discretion also elect to permit applications through OnMarket. If the Company does proceed to use OnMarket, you will need to join 'OnMarket' via <a href="http://www.onmarketbookbuilds.com">www.onmarketbookbuilds.com</a> or via the OnMarket app (download in the AppStore or Google play) and fill in your details in the investment profile section.</p>	<p>Section 7.4</p> <p>Section 7.7</p> <p>Section 7.8</p> <p>Section 11</p>
<b>When will I receive confirmation that my Application has been successful?</b>	Confirmations of successful Applications in the form of holding statements are expected to be mailed on or around 26 February 2016.	'Important dates' Section 7.4(c)
<b>Where can I find more information about this Prospectus or the Offer?</b>	<p>Call the Offer Information Line on 1300 407 610 (Overseas +613 9415 4393) from 8:30am to 5:30pm AEDT, Monday to Friday (Business Days only).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.</p>	Section 7.4(c)
<b>Can the Offer be withdrawn?</b>	<p>The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, all Application Monies will be refunded (without interest).</p> <p>The Company also reserves the right to close the Offer early, extend the Offer, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than applied for. The Company may also process Applications for the Minimum Subscription while keeping the Offer open for further Applications up to the Maximum Subscription.</p>	Section 7.5.(d)

A dark gray background with a repeating geometric pattern of thin black lines. The pattern consists of a grid of squares and rectangles. Some cells in the grid are further divided by diagonal lines, creating a complex, tessellated design. The lines are thin and black, contrasting with the dark gray background.

## 2. Industry Overview

# Industry Overview

## 2.1 Introduction

The roofing industry is an integral part of the construction industry and historically levels of construction output have demonstrated a strong correlation with general economic growth: during periods of GDP growth, construction output generally increases and during periods of stagnating or decreasing GDP, construction output decreases.

The construction industry can be broken down into the residential, non-residential (offices, shops, hotels, etc.) and civil engineering sectors (roads, bridges, water and sewerage, etc.). According to Australian Bureau of Statistics figures<sup>1</sup>, the value of all construction work completed in Australia in the 2015 June quarter alone totalled more than \$49.0 billion. This comprised \$14.6 billion in residential construction, \$8.7 billion in non-residential construction and \$26.5 billion in civil engineering.

Residential construction includes detached and semi-detached housing and apartments. The detached and semi-detached house construction industry in Australia generates more than \$40 billion in revenue each year.

### Australian Building Stock Characteristics

- Detached and semi-detached houses still represent around 75% of new residential construction.
- The remaining 25% is mostly multi-unit apartment buildings >4 storeys.
- Australia builds approximately 180,000 new dwellings per annum, adding to an existing stock of approximately 8 million dwellings.
- The annual size of the Australian residential roofing market is approximately 30 million square metres.
- The average roof area for a small house is about 100-150 square metres, for a medium house about 150-200 square metres, and for a large house greater than 200 square metres.
- The average floor area of a new freestanding house in Australia is 243 square metres.

Many governments around the world are implementing frameworks for minimum energy performance requirements for existing and newly constructed buildings. These programs often include the use of solar capability with roofs.

## 2.2 The Structure of the Roofing Services Industry

The Roofing Services industry sector in Australia generates the bulk of its revenue from installing roof tiles in the detached and semi-detached housing construction market. The Roofing Services industry sector produces more than \$3 billion in revenue each year. Management's research indicates that over the next five years this industry sector revenue is forecast to rise to \$3.5 billion in 2020-2021. The move towards the construction of multi-unit dwellings has reduced the average roof area per dwelling in recent years. In addition, roofs of many inner city apartments are constructed from materials other than roof tiles. This includes concrete slab or metal sheeting. Demand from the new house sector is forecast to grow moderately in the next five years. The bulk of new single-unit dwellings have tiled roofs and most of these construction sites are relatively close to tile production and distribution centres.

The average job size for the roofing industry is between 150 square metres to 180 square metres. Completion of a job is typically spread over a week. Installations of tiled roofs are now more than 50% of the market. Metal roofing is forecast to capture an increasing percentage of the market. Metal roofing and other roof installation products now amount to 26% of the market. The remaining market of up to 24% relates to roof restoration, repair and maintenance.

<sup>1</sup> ABS Publication: 8755.0 - Construction Work Done, Australia, Preliminary, Jun 2015.



The principal determinant of demand for roofing materials is trends in the housing construction market. The major market for roofing installation is new homes. Roofing service needs can also be influenced by extreme weather and natural disasters such as hail storms, cyclones, bushfires, earthquakes and floods.

The Australian roofing services industry is fragmented. The industry's four largest contractors account in aggregate for significantly less than 10% of the entire market.

The key success factors for business in the roofing services industry are:

- A good reputation
- Loyal customer base
- Management of cyclical demand
- Ability to compete on tender
- Being part of a franchise network.

The average profit margin in the roofing services industry represents around 10% of revenue while the cost of materials such as roof tiles absorbs around one third of revenue. However, the cost of roofing materials represents an even higher percentage for larger contracting companies.

In the roofing services sector the non-residential market contributes 22.5% of the revenue. Non-residential projects are mainly completed by major builders and property developers.

### 2.3 Trends in the Roofing Industry

The roofing industry is experiencing three main trends:

- Reduction in the pitch of roofs;
- Increase in focus on sustainability and energy efficiency; and
- Increase in focus in the complexity of roofs toward roofing systems with integrated Photovoltaic and thermal (RIPV-T) components.

#### Reduction in Pitch

Pitched roofing refers to angles greater than 5 degrees. Approximately 75% of roofs are between 15 and 25 degrees. Pitched roofs generally offer better water-tightness, durability and ventilation of the building structure, as well as better aesthetics, but are more expensive to construct than flat roofs. Concrete and clay tiles, metal, slate, asphalt shingles and fibre cement are all used for pitched roofs. Of this range, tiles are the most traditional material, however, metal sheeting is achieving significant market share of new residential roofing in Australia, especially as demand for lightweight roofing systems increases.

The trend towards a reduction in pitch is driven by a number of factors. The most important driver is energy efficiency, which is promoted on different levels, from national government directives to local initiatives. By decreasing the pitch, one reduces the surface area of the roof and the building as a whole, thereby reducing heat losses. As such, less energy (i.e., heating or cooling) is required to optimize the indoor climate.

The second driver is height restrictions imposed by some regional building codes and zoning laws, in particular in historical city centres and areas designated for low-rise residential construction. Additional drivers are increasing demand for residential floor space and rising residential real estate prices in a number of geographic markets, in particular in urban areas.

Given these factors, an increasing number of roofs are becoming inhabited spaces in the form of attic studios or mansard apartments, where low pitch roofs offer more living space at a fraction of the total roof cost. Traditionally, the benchmark for low pitch roofs was set at 10 degrees. The 10 degree pitch was considered to offer the advantages of the low pitch roof without compromising its water-tightness while keeping its cost in the economically reasonable range.

Recent technology developments and innovations have lowered the angle of the pitch that is both acceptable to industry participants and is considered economically feasible to 7 degrees.

#### Sustainability and Energy Efficiency

The general trend towards increasing the energy efficiency of roofs has also resulted in a shift in their functionality. Roofs have gone from being a simple rain-protective structure to being a complex weather-tight system with ventilation, insulation and energy-generating elements, such as solar panels. Modern roofs can also offer heat-reflective, heat-absorbent, and other functions when required by the local market or weather conditions. Roofs are therefore no longer a passive component of a house, but rather an important active part.

Energy efficient solutions can deliver very cost effective opportunities for energy savings. The combination of solar Photovoltaic plus energy efficiency measures was found to be the most effective means of delivering zero energy or even 'energy plus' building outcomes. Zero energy buildings do not require additional energy inputs from external sources such as the electricity grid once constructed, and 'energy plus' buildings generate more energy than they consume, which can be stored and/or exported back to the grid.

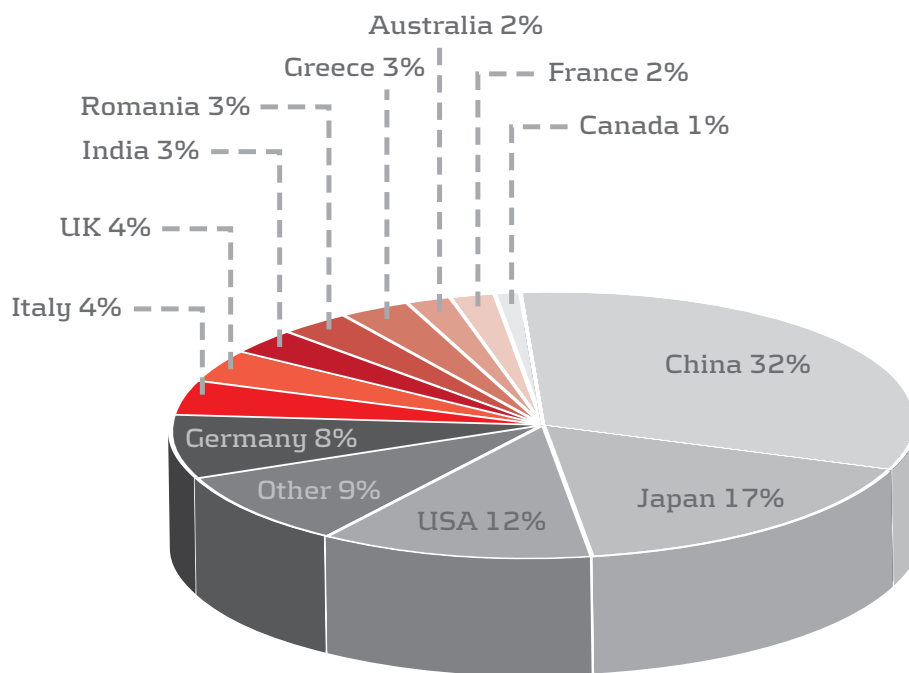
This trend towards roof complexity has also shifted purchasing preferences of roofers, constructors and house owners. Purchasing a complete roofing system is often seen as the simplest way to ensure that all elements of a roofing solution are compatible and can be installed efficiently. Roof complexity correlates with the market share of complete roofing solutions and will continue to grow in line with the increasing complexity of roofs in the future.

#### BIPV-T and RIPV-T

Building integrated Photovoltaic and Thermal (BIPV-T) and Roof Integrated Photovoltaic and Thermal (RIPV-T) refers to the integration of solar Photovoltaic (PV) power into multifunctional building components.

Globally the growth per annum of PV production capacity in 2014 rose to a new record of over 40 Gigawatts, which is a 40 fold increase over a 10 year period. Research conducted by management indicates that further growth is predicted, with annual global PV production capacity reaching over 55GW in 2015.

#### Global PV Market<sup>2</sup>



Trac Group has patents or patent applications covering all these named countries.

#### Solar Thermal Growth

Australia's solar thermal market is dominated by unglazed solar water heating for swimming pools and residential hot water. Australia was rated as the seventh largest market for accumulated unglazed and glazed water collector capacity in operation in 2013 and this position is expected to continue. An estimated 872,000 square metres of solar thermal was newly installed in Australia in 2013. This compared with 78.6 million square metres of solar collectors newly installed worldwide in 2013.

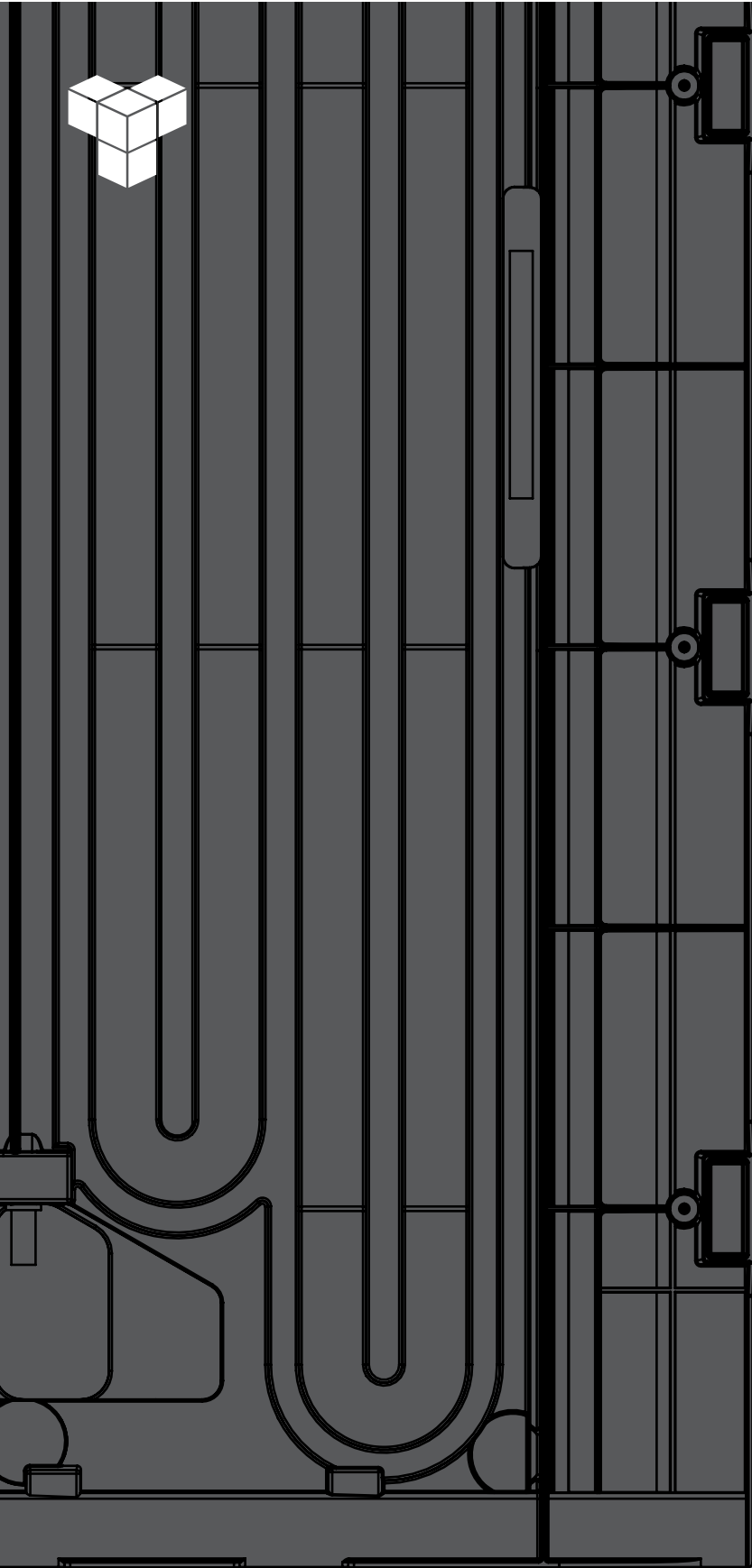
Tractile™ Solar roof tiles marketed under the names Tractile™ Solar Eclipse and Tractile™ Solar Horizon have thermal capability for heated water. They are categorized as glazed water collectors.

#### BIPV Market Growth and Forecasts

BIPV refers to the integration of solar Photovoltaic (PV) power into multifunctional building components. Research suggests that the worldwide BIPV industry is expected to grow significantly, as more truly integrated BIPV products emerge that are monolithically integrated and multifunctional where there is no clear distinction between the energy and roofing subsystems. The expected growth takes into consideration the expectation that an increasing amount of building products will be BIPV as time goes on and these will be a replacement for traditional products.

Globally, the BIPV market suffers from a lack of standardisation and modularity. Most of the BIPV systems have been custom-made and do not entirely meet the functional, technical, and economic requirements of the architects and engineering consultants, installers, owners and end users. Solar tiles have to date dominated BIPV roofing systems. Tractile™ Products are a whole of roof solution providing solar and non-solar components that are designed to fit together seamlessly.

<sup>2</sup> International Energy Agency Photovoltaic Power Systems Programme, (2014). Trends 2014 in Photovoltaic Applications. Survey Report of Selected IEA Countries between 1992 and 2013. Report IEA-PVPS T1-25:2014 [www.iea-pvps.org](http://www.iea-pvps.org).



### 3. Business Overview

# Business Overview

Trac Group has completed research and development, invested in intellectual property and has developed award-winning products. The Company is now raising money to take its Tractile™ Products to the Australian and international markets. The Company intends to spend the next five years building towards the goal of creating globally diversified (by territory and currency) revenue streams.

Monies raised from the Offer will:

- Fund the expansion of Trac Group and its sales and marketing capacity in Australia;
- Fund further Certification of the Trac Group's products in Australia and, if sufficient funds in excess of the Minimum Subscription are raised, internationally; and
- Provide working capital to, for example:
  - Plan international expansion and, if sufficient funds in excess of the Minimum Subscription are raised, implement these plans;
  - Recruit new personnel; and
  - Maintain and manage Trac Group's intellectual property portfolio.

Quotation of the Company's Shares on ASX will:

- Assist in providing a market for Shares in the Company;
- Provide Trac Group with the benefits of an increased profile that arises from being listed; and
- Provide the Company with access to capital markets to improve capital management flexibility.

The proposed use of the proceeds of the Offer if the Minimum Subscription is achieved is set out below.

Use of Proceeds	Minimum Subscription \$3,500,000	Percentages	2016	2017	2018
<b>Marketing</b>	\$850,000	24.29%			
- preparation of marketing materials			\$100,000		
- execute marketing programs			\$150,000	\$100,000	\$100,000
- promote landmark projects			\$200,000	\$200,000	
<b>Establish distribution</b>	\$200,000	5.71%			
- select Australian distributors			\$50,000	\$50,000	
- train Australian distributors			\$50,000	\$50,000	
<b>Scale manufacturing</b>	\$600,000	17.14%			
- acquire all shares in Tractile Malaysia Sdn Bhd			\$350,000		
- implement cost engineering			\$150,000	\$100,000	
<b>Organisational infrastructure</b>	\$200,000	5.71%			
- implement ERP backoffice system			\$60,000	\$40,000	
- develop sales efficiency tools			\$60,000	\$40,000	
<b>Product development program</b>	\$175,000	5.00%		\$175,000	
<b>Certification</b>	\$50,000	1.43%	\$50,000		
<b>Offer costs</b>	\$602,594	17.22%	\$602,594		
<b>Working capital</b>	\$822,406	23.50%	\$422,406	\$300,000	\$100,000
<b>Totals</b>	<b>\$3,500,000</b>	<b>100%</b>	<b>\$2,245,000</b>	<b>\$1,055,000</b>	<b>\$200,000</b>

The proposed use of the proceeds of the Offer if the Maximum Subscription is achieved is set out below.

Use of Proceeds	Maximum Subscription \$6,500,000	Percentages	2016	2017	2018
<b>Marketing</b>	\$1,250,000	19.23%			
- preparation of marketing materials			\$100,000	\$50,000	
- execute marketing programs			\$150,000	\$350,000	\$100,000
- promote landmark projects			\$200,000	\$200,000	\$100,000
<b>Establish distribution</b>	\$1,600,000	24.62%			
- Australia			\$100,000	\$100,000	
- Malaysia			\$120,000	\$80,000	
- USA			\$200,000	\$300,000	\$100,000
- Europe			\$100,000	\$200,000	\$300,000
<b>Scale manufacturing</b>	\$1,100,000	16.92%			
- acquire all shares in Tractile Malaysia Sdn Bhd			\$350,000		
- implement cost engineering			\$150,000	\$100,000	
- invest in plant and equipment to increase manufacturing capacity				\$200,000	\$300,000
<b>Organisational infrastructure</b>	\$300,000	4.62%			
- implement ERP backoffice system			\$60,000	\$40,000	
- develop sales efficiency tools			\$60,000	\$80,000	\$60,000
<b>Product development program</b>	\$325,000	5.00%		\$150,000	\$175,000
<b>Certification</b>	\$200,000	3.08%	\$50,000	\$100,000	\$50,000
<b>Offer costs</b>	\$755,594	11.62%	\$755,594		
<b>Working capital</b>	\$969,406	14.91%	\$569,406	\$300,000	\$100,000
<b>Totals</b>	<b>\$6,500,000</b>	<b>100%</b>	<b>\$2,965,000</b>	<b>\$2,250,000</b>	<b>\$1,285,000</b>

The above tables are statements of current intentions as at the Prospectus Date. Investors should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of sales success, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

### 3.1 Overview of the Company

#### a. Introduction

Trac Group designs and supplies innovative roofing systems which are protected by an intellectual property portfolio. The Company is recognised internationally as a leader in both composite materials design and Roof Integrated Photovoltaic and Thermal (RIPV-T) roofing applications.

The Company aims to commercialise its patented technologies to create global income streams diversified by currency and territory, which in the long term are intended to produce ongoing dividends for investors.

Trac Group's core roofing products are marketed under the brand name, Tractile™.



Trac Group’s competitive advantages include:

- Award-winning designs;
- Tractile™ Products are superior to traditional products in terms of design, performance, energy generation and sustainability;
- Trac Group is positioned to take advantage of the emerging major trends in the roofing industry: lightweight roofing, low-pitch roofing, and integrated solar technologies;
- Regulations increasingly promote the reduction of carbon emissions from buildings and the use of sustainable products in construction. The Company believes that demand for sustainable, energy-efficient building products will continue to increase in the future;
- Trac Group has identified that the integration of energy systems, including solar, into roofing systems is an attractive business opportunity. The Company has invested in research and development programs to develop superior, easy to install and long-lasting roofing systems that allow for the flexible integration of environmentally friendly roofing elements; and
- Patent applications have been filed and granted in multiple countries.

The Tractile™ Products range, whilst more expensive than traditional products, delivers solutions that are easy to transport, easy to install and can handle cyclonic winds, high rainfall, and hailstones in an aesthetically pleasing and sustainable manner. It is the products’ innovative designs and the combination of materials used that enable the products to address these issues.

Compared to concrete tiles and metal sheeting, Tractile™ Products interlock with the roof battens and surrounding tiles and are extremely strong and resistant to corrosion and damage. They score very well on strength and environmental specifications as detailed in Section 3.3.

b. Corporate structure

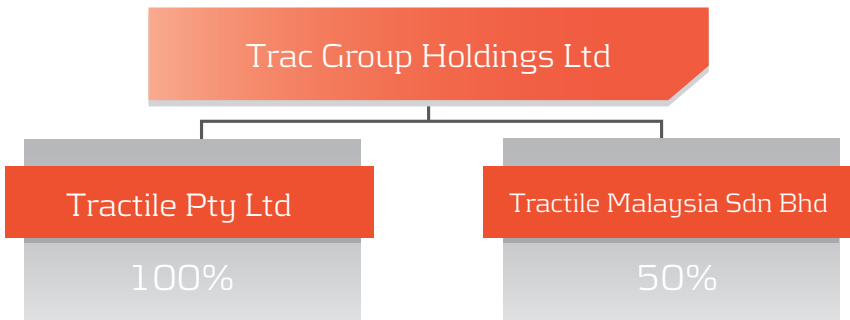
Trac Group Holdings Ltd is the ultimate holding company of Tractile Pty Ltd and is a 50% shareholder in Tractile Malaysia Sdn Bhd.

Tractile Pty Ltd is the operating entity for marketing and distribution of Tractile™ Products in Australia and New Zealand.

Tractile Malaysia Sdn Bhd manages the supply chain and owns essential plant and equipment used in the manufacture of Tractile™ Products and operates as a 50:50 joint venture between the Company and Pipeco, operationally controlled by the Company. This joint venture entity owns all production equipment related to Tractile™. This includes twelve steel compression moulds, a computer controlled adhesive line, custom jigs, and steel roll forming machine. As provided for in the Shareholders’ Agreement, the Company intends to acquire 100% ownership of Tractile Malaysia Sdn Bhd following the successful completion of this Offer.

It is envisaged that over the medium to long-term time period a series of international partnerships will be established for marketing and distribution.

Existing Structure of Trac Group



### c. Leadership team

The company benefits from a highly qualified, professional and experienced leadership team. The details of the Board of Directors and senior management are detailed in Section 6. In addition the company has established an Advisory Committee to provide experienced counsel in the early days of commercialisation of the Tractile™ Products. A number of members of the Advisory Committee are Existing Owners.

## 3.2 Corporate history

### a. Timeline of major events for the Company and related entities

<b>2005</b>	The Company is established as a holding company with the aim of commercialising patents for the Tractile™ roofing systems. The Company's vision is (and remains): "To market technology, construction systems, and related building products globally both directly and through a network of associated companies generating profitable returns to shareholders through product sales, licensing, royalties, sale of technology, and joint venture investments."
<b>2006</b>	The patent, "Cladding Apparatus and Methods", is granted (see Section 3.3(f)).
<b>2007</b>	Acquired the initial intellectual property and patent application, "Solar Energy Harvesting Apparatus" (see Section 3.3(f)).
<b>2008</b>	Tractile™ Solar admitted into the Australian Technology Showcase. The Australian Technology Showcase commenced in the lead-up to the 2000 Olympics. The program, supported by the New South Wales Government, identifies innovative, market-ready Australian technologies with global market potential, and provides support through seminars, networking and showcasing to local and international markets.
<b>2009</b>	Cooperative Research Centre – Advanced Composite Structures (CRC-ACS) engaged to optimize the design and engineering of Tractile™. CRC-ACS is a company funded by industry partners and Australian Government to help advance composites technology in Australia. CRC-ACS is recognised worldwide as Australia's foremost research and development centre in advanced composites.
<b>2010</b>	Ergon Energy funded a \$240,000 industry trial of Tractile™ Solar at Bond University's School of Sustainability and at Townsville City Council's Solar Cities program. Ergon Energy is a Queensland Government-owned corporation supplying electricity to over 700,000 customers.  The patent, "Solar Energy Harvesting Apparatus", is granted (See Section 3.3(f)).
<b>2011</b>	Received a Commercialisation Australia Proof of Concept grant worth \$236,640. Commercialisation Australia (now called Accelerating Commercialisation) is a competitive, merit-based assistance program delivered by AusIndustry. Commercialisation Australia offered funding and resources to accelerate the business building process for Australian businesses looking to commercialise intellectual property.  Completed first product test site installations.  Presented Tractile™ Solar Horizon to Malaysian Prime Minister Najib Razak at the International GreenTech & Eco-Products Malaysia (IGEM) conference.
<b>2012</b>	Won JEC Asia Award for Innovation in Energy (see Section 3.3 (b)).
<b>2013</b>	Established Tractile Malaysia Sdn Bhd as the manufacturing arm of Trac Group.  Won Queensland Premier's Sustainability Award for Innovation in Sustainable Technologies.  Won Australian International Design Awards.  – Major Award for Sustainability  – Best of Category Hardware and Building
<b>2014</b>	The Company became an unlisted public company.  Completed research and development for Tractile™ Solar Thermal.  Completed first product installations.
<b>2015</b>	Certified to Australian Standards for roofing products (see Section 3.3 (e)).  Certified to BAL 40 (see Section 3.3 (e)).  Completed low pitch installation and testing for Tractile™ Solar Thermal.  Completed pre-Offer capital raising of \$868,382.  Filed new Patent Cooperation Treaty patent application, "Solar Thermal Collector".

3.3 Products

Traditional products versus Tractile Products™



a. Product Categories

The Company’s principal product categories are:

Tractile™ Eclipse Roof Tiles

The Tractile™ Eclipse range of composite roof tiles is designed for residential and non-residential construction including new builds and renovations. The focus is on design, sustainability, and the ability to better withstand extreme weather events. The Tractile™ composite roof tiles are large format, lightweight, high strength, flat profile tiles, and can be painted any colour. To meet the growing trend for low pitch roofing, all Tractile™ Products are designed to be installed at 10 degrees without sarking, and can be installed at 7 degrees with sarking.



Eclipse Tile - TR-EC-FT1001	
Dimensions (mm): W x H x D	
- Physical	1105 x 690 x 71
- Exposed	1050 x 560
Exposed tile surface (square meter)	0.588
Weight (kilograms), with single hook	8.100
Profile	Roughed-up

Tractile™ Solar Eclipse Roof Tiles (RIPV-T)

These products are specially designed roof tiles that integrate into the roof structure to produce solar power, solar hot water, or both. These utilise Roof Integrated Photovoltaic and Thermal (RIPV-T) components. The PV cells are used to generate electricity and those integrated in Tractile™ Products have the same efficiency under Standard IEC Test Conditions as conventional PV cells (120Wp to 160Wp per square metre). Thermal tiles are designed to achieve greater thermal absorption and operate at higher temperatures than RIPV-T tiles. Under favourable (but relatively typical) Australian weather conditions, Tractile™ Thermo tiles can generate hot water with a temperature of 55° to 75° C. Typically a system will be controlled down to an operating temperature range of 35° to 45° C to avoid overheating of the PV cells which can reduce the electrical output due to thermal resistance. With an inlet temperature of 20° C, the average daily volume of 60° C heated water per Thermo tile is between 3.5 to 5.0 litres.



Eclipse Solar Tile - TR-EC-ST1001-PV76M	
Dimensions (mm): W x H x D	
- Physical	1105 x 690 x 71
- Exposed	1050 x 560
Exposed tile surface (square meter)	0.588
Weight (kilograms), with single hook and no liquid in tile	19.56
Profile	Solar PV glass
Capacity (watt peak)	95
Capacity (litres)	1.0
40 tiles heat daily 120-200 litre water to	30° - 35°C



#### Eclipse Thermal Tile - TR-EC-ST1001-T

Dimensions (mm): W x H x D	
- Physical	1105 x 690 x 71
- Exposed	1050 x 560
Exposed tile surface (square meter)	0.588
Weight (kilograms), with single hook and no liquid in tile	19.56
Profile	Thermo glass
Capacity in litres	1.0
40 tiles heat daily 120-240 litre water to	50° - 75°C

#### Tractile™ Solar Horizon Roof Tiles (RIPV-T)

The Tractile™ Solar Horizon roof tiles integrate all the advantages of the Tractile™ Solar Eclipse roof tiles but are also designed to integrate with existing flat-profile concrete tiles that are already popular in the mass market. They can be installed on new or existing roofs. These composite tiles can generate 120Wp to 160Wp per square metre and 3.0 to 4.0 litres of heated water per solar hour per square metre of roof tiles.



#### Tractile Solar Horizon

Dimensions (mm): W x H x D	
- Physical	1220 x 420 x 60
- Exposed	1180 x 300
Exposed tile surface (square meter)	0.354
Weight (kilograms), with single hook and no liquid in tile	13.0
Profile	Solar PV glass
Capacity (watt peak)	55
Capacity (litres)	0.7
60 tiles heat daily 120-200 litre water to	30 ° - 35 ° C

#### Roofing components

The main products are the Tractile™ Eclipse ridge, hip, barge, capping tiles and the special profile steel roofing battens. Trac Group also supplies a number of other components sourced from third-parties, such as paints, insulation, sarking, sealants, and vents. These components complement the exclusive roof tiles Trac Group supplies.



#### Eclipse Ridge Tile - TR-EC-RT0001

Dimensions (mm): W x H x D	
- Physical	1105 x 395 x 95
- Exposed	1050 x 395
Exposed tile surface in square meter	0.415
Weight (kilograms)	3.87
Profile	Roughed-up
Pitch (degrees)	5 to 40



#### Eclipse Hip Tile - TR-EC-HT0001

Dimensions (mm): W x H x D	
- Physical	820 x 390 x 55
- Exposed (max)	750 x 395
Exposed tile surface (square meter)	0.293
Weight (kilograms)	2.24
Profile	Roughed-up
Pitch (degrees)	5 to 40



#### Eclipse Barge Tile - Left & Right - TR-ECBR0001 & TR-EC-BL0001

Dimensions (mm): W x H x D

- Physical	595 x 200 x 200
- Exposed (horizontally max)	570 x 200
Exposed tile surface (square meter)	0.114
Weight (kilograms)	3.00
Profile	Roughed-up
Pitch (degrees)	5 to 90



#### Eclipse Ridge End Cap - TR-EC-RE0001

Dimensions (mm): W x H x D

- Physical	467 x 410 x 100
- Exposed (horizontally max)	280 x 410
Exposed cap surface (square meter)	0.115
Weight (kilograms)	2.20
Profile	Roughed-up
Pitch (degrees)	5 to 40



#### Eclipse Barge End Cap - TR-EC-BE0001

Dimensions (mm): W x H x D

- Physical	190 x 410 x 100
- Exposed (horizontally max)	280 x 395
Exposed cap surface (square meter)	0.111
Weight (kilograms)	2.20
Profile	Roughed-up
Pitch (degrees)	5 to 40



#### Eclipse Batten - TR-EC-BT0001-3000

Dimensions (mm): W x H x D

- Physical	190 x 410 x 100
- Exposed (horizontally max)	280 x 395
Exposed cap surface (square meter)	0.111
Weight (kilograms)	2.20
Profile	Roughed-up
Pitch (degrees)	5 to 40

### Energy components

The main products in this category are divided into two main categories relating to either electrical energy or hot water. The main electrical components include inverters, battery systems and balance-of-system items such as cabling and electrical insulation. The main hot water components include heat exchangers, hot water tanks, pumps and balance-of-system components such as plumbing connections, piping and thermal insulation.

### Energy management systems

The main products are sensing, monitoring and control systems combined with software systems that allow users to remotely access and control the systems.

### b. Awards

Trac Group has received a number of awards for its products in recent years.

2012	<p><b>Winner of JEC ASIA 2012 Award for Innovation in Energy.</b></p> <p>JEC is a subsidiary of The Center for Promotion of Composites, a non-profit association set up to promote the global use of composite materials.</p> <p>JEC is the largest composites industry organization in Europe and in the world with a network of around 250,000 professionals from about 100 countries. The composites industry employs around 550,000 professionals worldwide and generates more than AUD \$100 billion worth of business.</p> <p>JEC represents, promotes and expands composites markets by providing global or local networking and information services. JEC supports the development of composite materials by fostering knowledge transfer and exchanges between suppliers and users.</p> <p>The JEC Innovation Awards Program was created in 1998 as worldwide competition. Over the past 14 years, the JEC Innovation Awards Program has involved 1,600 companies worldwide.</p>
2013	<p><b>Winner Australian International Design Awards</b></p> <ul style="list-style-type: none"> <li>– Major Award for Sustainability</li> <li>– Best of Category Hardware and Building</li> </ul> <p>The Good Design Awards (formerly known as the Australian International Design Awards) managed by Good Design Australia, are one of the longest standing and most prestigious design awards in the world, promoting excellence in design and innovation since 1958.</p> <p><b>Winner Queensland Premier's Sustainability Award for Innovation in Sustainable Technologies</b></p> <p>The Queensland Premier's Sustainability Awards recognise the achievements of Queensland communities, schools, individuals, businesses and industries in adopting sustainable business practices.</p>

### c. Tractile™ Sustainability Credentials

Roofing that is made from Tractile™ roof tile:

- Consumes per square metre 92% less energy than a concrete tile and 99.5% less energy than coated steel sheeting during their life cycles, including maintenance;
- Emits per square metre 90% less greenhouse gases than a concrete tile and 99.2% less greenhouse gases than coated steel sheeting during their life cycles, including maintenance; and
- Has an environmental impact that is 89% less per square metre than that of a concrete tile and 99.2% less than that of coated steel sheeting during their life cycles, including maintenance. This equates to a lessening of the impacts upon human health, the ecosystem quality and resource use during their life cycles.

When maintenance is not included, roofing that is made from Tractile™ roof tile:

- Consumes per square metre 37% less energy than a concrete tile;
- Emits per square metre 66% less greenhouse gases during its life cycle compared to a concrete tile; and
- Has an environmental impact per square metre which is 70% lower than that of a concrete tile during its life cycle.

Coated steel sheeting performs slightly better than Tractile™ roof tile if maintenance is not included because Tractile™ uses higher quantities of raw materials in its application, which requires slightly higher fuel consumption. Note, however, that Tractile™ roof tile does not require maintenance during its warranty period, contrasted with coated steel sheeting which requires regular maintenance to avoid the risk of voiding the warranty.

In addition, a roof fitted with Tractile™ Solar tiles generates solar power and solar heated hot water.

### d. Characteristics

Tractile™ tiles are engineered from composite materials with superior performance attributes:

- Tractile™ tiles are engineered to withstand live loads (such as people walking on a roof) between battens in excess of 250kg. In comparison, other roofing materials break or deform at 60kg-100kg.
- Tractile™ tiles are comparatively light compared to concrete roof tiles. One Tractile™ roof tile is six times larger than a concrete tile, and weighs 8kg versus 4kg - 5kg for a single concrete tile (the weight of a concrete roof tile depends on its design with flat profile tiles using less concrete than wavy profile tiles). This equates to a weight of 12kg per square metre for Tractile™ versus 40kg - 50kg per square metre for concrete roof tiles.



- Tractile™ tiles have high impact resistance. Tractile™ tile products (excluding solar tiles) are rated for impacts of 100 Joules. A 100 Joules impact is equal to being hit with a 68 millimetre hailstone (a tennis ball has diameter of 67mm), or hitting the tile with a 1kg hammer at 14 metres per second (normal speed for a 1 kg hammer to hit objects is 8 to 12 metres per second).
- Tractile™ tiles are engineered to withstand wind speeds of over 300km per hour (Category 5 (C5) Tropical Cyclones are 280 km/h plus) but as a stand-alone product Tractile™ tiles are rated C4, which is the highest rating possible. C5 rating is only possible for entire building structures.
- The composite material used to manufacture Tractile™ Products is non-electrically conducting, which minimises the risks of electrical hazards.
- The composite material used to manufacture Tractile™ Products is non-toxic, which provides for safer handling and cutting.
- Tractile™ has fire retardant qualities.
- The materials and the manufacturing process allow for greater design freedom.
- The composite materials do not rust.
- Tractile™ Products can be more expensive than traditional products. Composite materials used in the manufacturing of Tractile™ Products are more expensive compared to materials used to manufacture concrete tiles and metal sheeting. However, the Company believes the benefits outweigh the costs for the Company's target market, which is not price sensitive.

#### e. Certification of Products

Roof and Solar installations in Australia require Certification according to Australian Standards. The Company has the Certifications listed in the following table, which enable Tractile™ Products to be installed for roofing and off-grid usage.

Australian Standards Code	Title
AS 1170.0	Structural design actions – General principles
AS 1170.1	Structural design actions – Permanent, imposed and other actions
AS 1170.2	Structural design actions – Wind actions
AS 1170.3	Structural design actions – Snow and ice actions
AS 4055-2006	Wind loads for housing
AS 4100	Steel Structures
AS/NZS 4600	Cold-formed steel structures
AS 1562.1	Design and installation of sheet roof and wall cladding - Metal
AS 4256.3-2006	Plastic roof and wall cladding materials - Glass fibre reinforced polyester
AS 2049-2002 (R2015)	Roof tiles
AS 2050-2002/Amdt 2012	Installation of roof tiles
NCC 2015	National Construction Code Series

In addition:

- Bushfire Attack Level 40 (BAL 40) Certification (being the highest possible bushfire rating for residential buildings in bush fire zones) was issued on 3 July 2015; and
- A Compliance Certificate for Building Design or Specification was issued on 9 September 2015.

Certifications for solar products are the only relevant Certifications which are not in place, and therefore the Tractile™ tiles cannot currently be connected to the electricity grid in Australia.

However, Trac Group intends to pursue Certifications for its range of solar products. In Australia this would include:

- IEC61215 (Crystalline silicon terrestrial Photovoltaic (PV) modules – Design qualification and type approval);
- IEC61730 (Photovoltaic (PV) module safety qualification); and
- IEC61701 (Salt mist corrosion testing of Photovoltaic (PV) modules).

To obtain these Certifications, the Company with its manufacturer will submit the PV modules to an accredited organisation for testing and Certification, and the Company must then submit the Certification for inclusion in the Clean Energy Council's database.

The manufacturer of the PV modules used has achieved Certification previously and therefore it is unlikely that Tractile™ Products will not be Certified. However, if the Certification is not granted, the Company will continue to be unable to install and connect the tiles to the electricity grid in Australia.

The Company also intends to pursue Watermark product Certification.






#### f. New technology

Tractile™ is a new technology substituting for existing traditional roofing materials and roof applied solar. Traditionally roofing is a very conservative industry using tile products that have changed little in decades if not hundreds of years. Traditional solar PV uses PV modules installed onto the existing tile or metal sheeting roof. Traditional solar thermal uses either flat plate or evacuated tube technology. The key areas of possible technology substitution fall into two categories: improvements on existing technology; and, introduction of step change technologies. The Company has designed its products to be adaptable to utilise new materials and new solar PV technology.

#### g. Intellectual Property Protection – Patents and Trade marks

##### Trade marks

Trac Group has in place the Australian, American, European, New Zealand, Indian <sup>3</sup> and Chinese trade mark registrations listed in the following table.

Trade Mark	Country	Appl'n/Reg No.	Class(es)	Status
 <b>Tractile</b>	Australia	1115064	19, 35, 37	Registered
 <b>Tractile</b>	New Zealand	789559	19, 35, 37	Registered
 <b>Tractile</b>	International registration designating European Community and China	0914487	19, 35, 37 (European Community) 19 (China)	Registered
 <b>Tractile</b>	India	1506533	19	Registered
		1506534	35	
		1506535	37	
 <b>Tractile</b>	U.S.A.	86377815	19, 35, 37	Registered

<sup>3</sup> The trade marks registered in India are all registered in the name of B-Pods Holdings Pty Ltd, which is the former name of Trac Group Holdings Ltd.

## Patents

The patent protections the Trac Group has in place are listed in the following table.<sup>4</sup>

Country	Application or Patent Number	Status
<b>Cladding Apparatus and Methods</b>		
People's Republic of China	Patent No. ZL 02808893.X	Granted – expiry 2022
New Zealand	Patent No. 528974	Granted - expiry 2022
United States of America	Patent No. 7748191	Granted - expiry 2022
Austria	European Patent (EP) 1390590	Granted - expiry 2022
Switzerland	EP Patent 1390590	Granted - expiry 2022
Germany	EP Patent 1390590	Granted - expiry 2022
Spain	EP Patent 1390590	Granted - expiry 2022
France	EP Patent 1390590	Granted - expiry 2022
United Kingdom	EP Patent 1390590	Granted - expiry 2022
Ireland	EP Patent 1390590	Granted - expiry 2022
Italy	EP Patent 1390590	Granted - expiry 2022
Netherlands	EP Patent 1390590	Granted - expiry 2022
Sweden	EP Patent 1390590	Granted - expiry 2022
Turkey	EP Patent 1390590	Granted - expiry 2022
Belgium	EP Patent 1390590	Granted - expiry 2022
Cyprus	EP Patent 1390590	Granted - expiry 2022
Denmark	EP Patent 1390590	Granted - expiry 2022
Finland	EP Patent 1390590	Granted - expiry 2022
Greece	EP Patent 1390590	Granted - expiry 2022
Liechtenstein	EP Patent 1390590	Granted - expiry 2022
Luxembourg	EP Patent 1390590	Granted - expiry 2022
Monaco	EP Patent 1390590	Granted - expiry 2022
Portugal	EP Patent 1390590	Granted - expiry 2022

## Solar Energy Harvesting Apparatus

Australia	Patent No. 2007302616	Granted - expiry 2027
Canada	Patent No. 2664610	Granted - expiry 2027
People's Republic of China	Patent No. 200780036294.1	Granted - expiry 2027
Japan	Patent No. 5367575	Granted - expiry 2027
New Zealand	Patent No. 576361	Granted - expiry 2027
South Africa	Patent No. 2009/02742	Granted - expiry 2027
Europe <sup>5</sup>	Application No. 7815253.5	Under examination
India	Application No.2775/DELNP/2009	Under examination

## Solar Thermal Collector

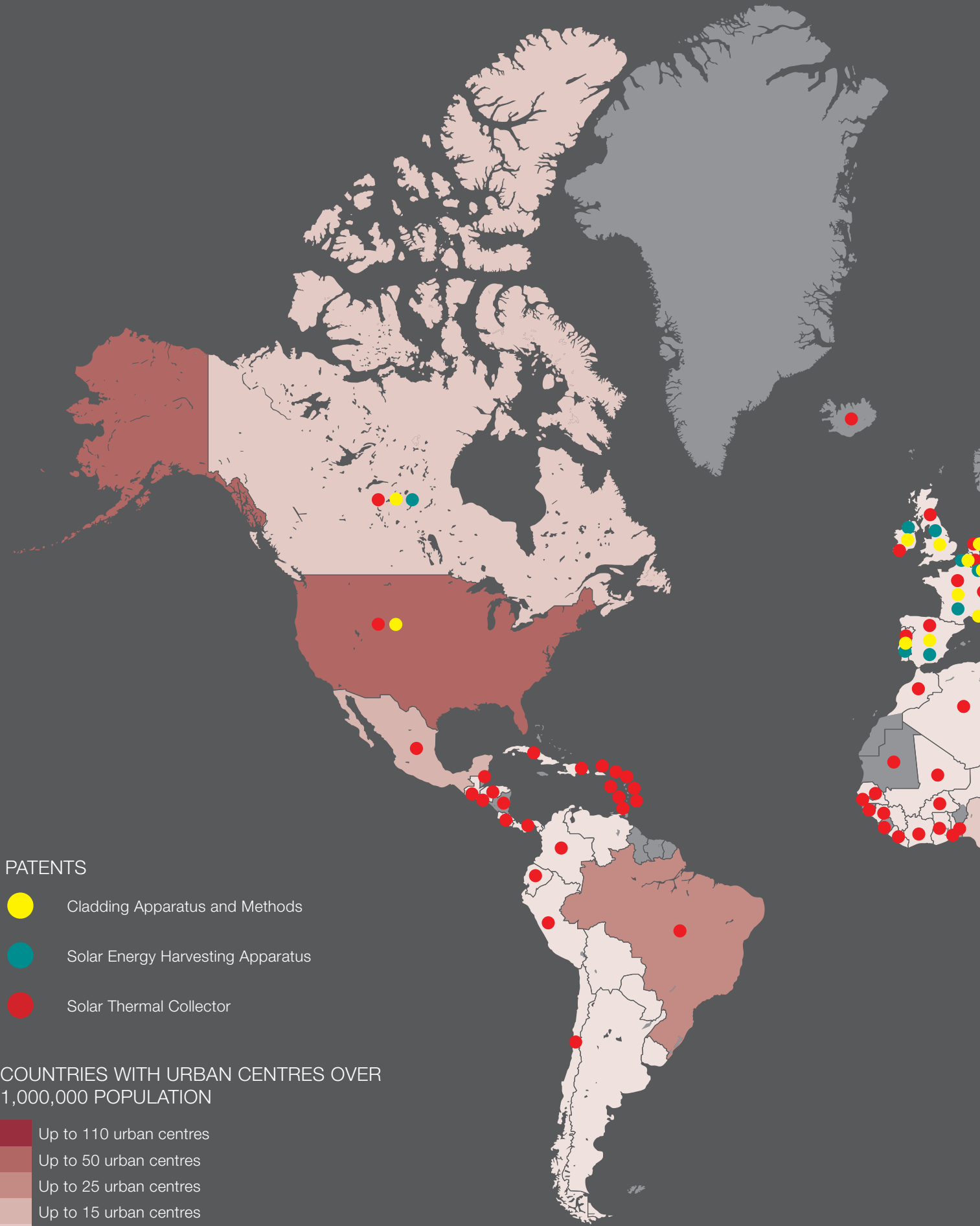
Patent Cooperation Treaty (PCT)	PCT/AU2015/050604	Filed - International Filing Date
International Patent Application		6 October 2015

<sup>4</sup> A number of these registrations/applications are in the name of B-Pods Holdings Pty Ltd, which is the former name of Trac Group Holdings Ltd.

<sup>5</sup> In 31 designated countries including Germany, Spain, France, United Kingdom, Greece and Italy.

At 4 December 2015, the Patent Cooperation Treaty (PCT) had 148 contracting states. These states are depicted in the table below:

United Arab Emirates	Costa Rica	India	Mali	Slovenia
Antigua and Barbuda	Cuba	Iran (Islamic Republic of)	Mongolia	Slovakia
Albania	Cyprus	Iceland	Mauritania	Sierra Leone
Armenia	Czech Republic	Italy	Malta	San Marino
Angola	Germany	Japan	Malawi	Senegal
Austria	Denmark	Kenya	Mexico	Sao Tome and Principe
Australia	Dominica	Kyrgyzstan	Malaysia	El Salvador
Azerbaijan	Dominican Republic	Comoros	Mozambique	Syrian Arab Republic
Bosnia and Herzegovina	Algeria	Saint Kitts and Nevis	Namibia	Swaziland
Barbados	Ecuador	Democratic People's Republic of Korea	Niger	Chad
Belgium	Estonia	Republic of Korea	Nigeria	Togo
Burkina Faso	Egypt	Kazakhstan	Nicaragua	Thailand
Bulgaria	Spain	Lao People's Democratic Republic	Netherlands	Tajikistan
Bahrain	Finland	Saint Lucia	Norway	Turkmenistan
Benin	France	Liechtenstein	New Zealand	Tunisia
Brunei Darussalam	Gabon	Sri Lanka	Oman	Turkey
Brazil	United Kingdom	Liberia	Panama	Trinidad and Tobago
Botswana	Grenada	Lesotho	Peru	United Republic of Tanzania
Belarus	Georgia	Lithuania	Papua New Guinea	Ukraine
Belize	Ghana	Luxembourg	Philippines	Uganda
Canada	Gambia	Latvia	Poland	United States of America
Central African Republic	Guinea	Libya	Portugal	Uzbekistan
Congo	Equatorial Guinea	Morocco	Qatar	Saint Vincent and the Grenadines
Switzerland	Greece	Monaco	Romania	Viet Nam
Côte d'Ivoire	Guatemala	Republic of Moldova	Serbia	South Africa
Chile	Guinea-Bissau	Montenegro	Russian Federation	Zambia
Cameroon	Honduras	Madagascar	Rwanda	Zimbabwe
China	Croatia	The former Yugoslav Republic of Macedonia	Saudi Arabia	Indonesia
Colombia	Hungary	Ireland	Seychelles	Sudan
Israel		Sweden		Singapore

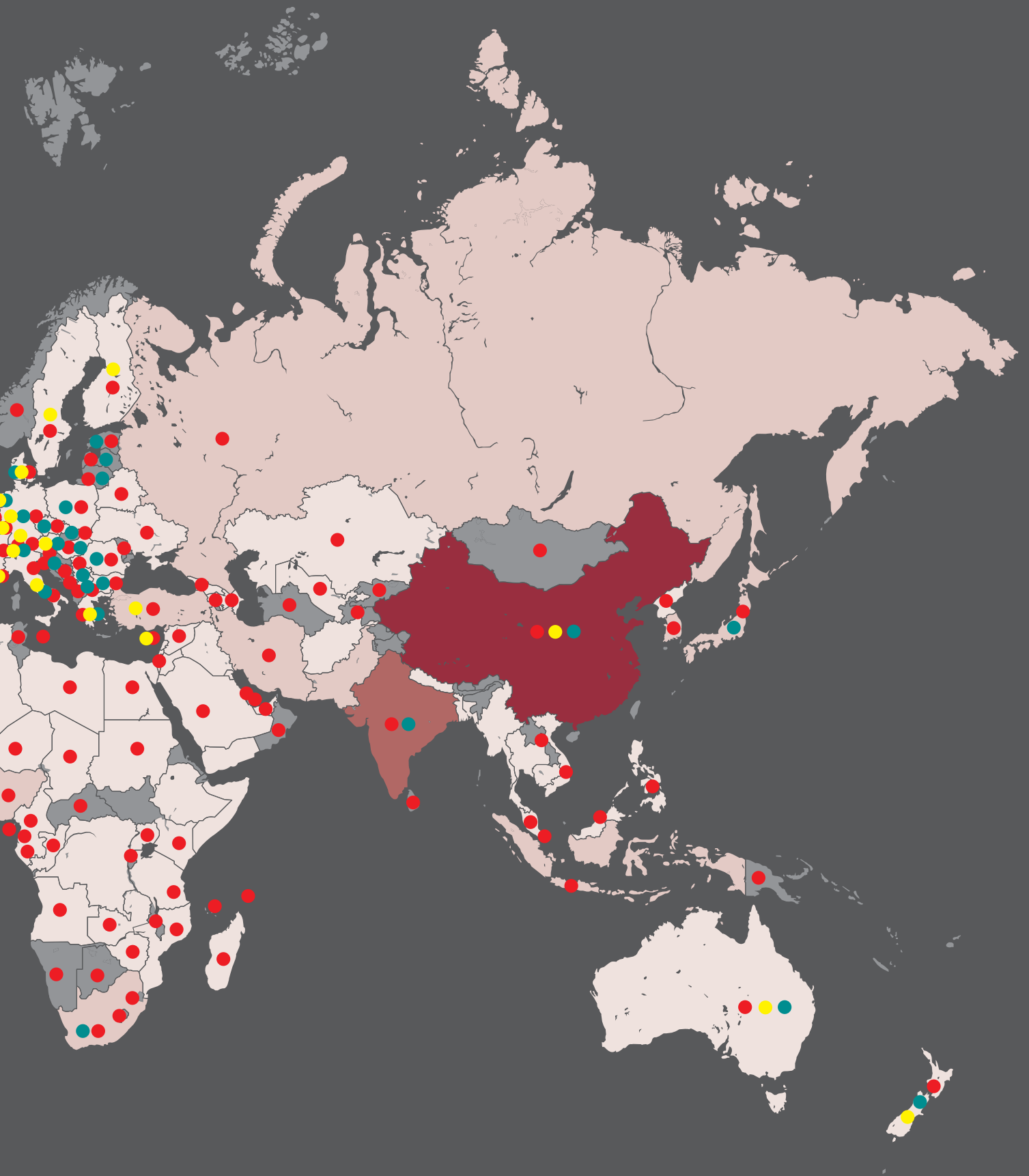


PATENTS

- Cladding Apparatus and Methods
- Solar Energy Harvesting Apparatus
- Solar Thermal Collector

COUNTRIES WITH URBAN CENTRES OVER 1,000,000 POPULATION

- Up to 110 urban centres
- Up to 50 urban centres
- Up to 25 urban centres
- Up to 15 urban centres
- Up to 10 urban centres
- Up to 5 urban centres





### Design Registrations

The Company has filed two design applications for roof battens in Australia with IP Australia under the application numbers 201515402 and 201515403.

### 3.4 Supplier Arrangements

Trac Group primarily sources its products from manufacturers in Malaysia. Trac Group owns a 50 per cent stake in Tractile Malaysia Sdn Bhd, which manages the supply chain and owns essential plant and equipment used in the manufacture of Tractile™ Products. The equipment includes a Computer Numerical Controlled (CNC) machine, a glue-dispensing machine, a batten roll forming machine and production moulds. The Directors intend to use a portion of the proceeds of the Offer to acquire 100% ownership of Tractile Malaysia Sdn Bhd for Malaysian Ringgit 866,708.28 (approximately \$300,000, including an allowance for the costs of completing the transaction, at current exchange rates). See also Section 9.3.

### 3.5 Sales and Marketing strategy

Trac Group is a new entrant into the roofing market and targets a highly defined niche for premium-class roofing. This segment typically represents a small percentage of the overall market, however, the volumes are still significant in relation to Trac Group's current manufacturing capacity and growth can be expected in all market segments.

In the Australian roofing market the main roof tile manufacturing companies refer projects to their preferred roofing contractor. The established roof tile brands are mainly focussed on high volume, low margin project builders.

Roof tiles are primarily marketed to roofing and building professionals, and to a lesser extent, to individual house builders. End users are private, corporate or public owners of residential and non-residential buildings.

Trac Group has prepared a detailed market assessment and designed the strategies to roll out the Tractile™ Products, in conjunction with sales and marketing specialist MathMarketing, based on their expert knowledge of market dynamics and product maturity life cycles.

For obvious commercial reasons, the Company will not disclose all details of the sales and marketing strategy in this Prospectus. However, the following is a simplified outline.

For the next three years, Trac Group will need to have:

- A dedicated, business-to-business (B2B) focused sales force;
- Professional execution of B2B marketing tactics designed to progress buyers toward sales; and
- Processes to measure the success and failure of buyer progressions to deliver the targeted return on investment in sales and marketing spend.

### Target market

Trac Group has determined the ideal buyer and target market to meet their objectives. Trac Group intends to pursue “early adopter” buyers in the following market segments:

- Award-winning architects
- High net worth home buyers
- Builders of premium and sustainable homes
- Consultants.

These segments have been chosen due to the innovative nature of the Tractile™ Products and the technology's appeal to those who wish to be more technologically advanced than their peers.

### Pursuit of market

To effectively pursue and prosecute opportunities within these target markets, Trac Group will invest in both sales and marketing resources.

### Demographic analysis and Opportunity

Trac Group aims to target an exclusive segment that we can describe demographically as:

- High socio economic; and
- High value houses, either new or undertaking a major upgrade.

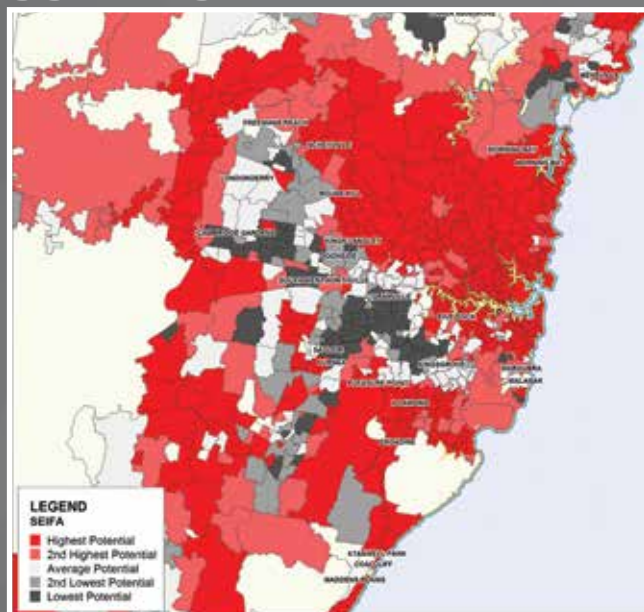
Our aim is to target these areas with our marketing via the relevant architects and builders who dominate this market. The best way to consider this market segment is by analysing the Socio-Economic Indexes For Areas (SEIFA) across Australia, and identifying the high SEIFA areas as Trac Group's best potential market.

### SEIFA analysis

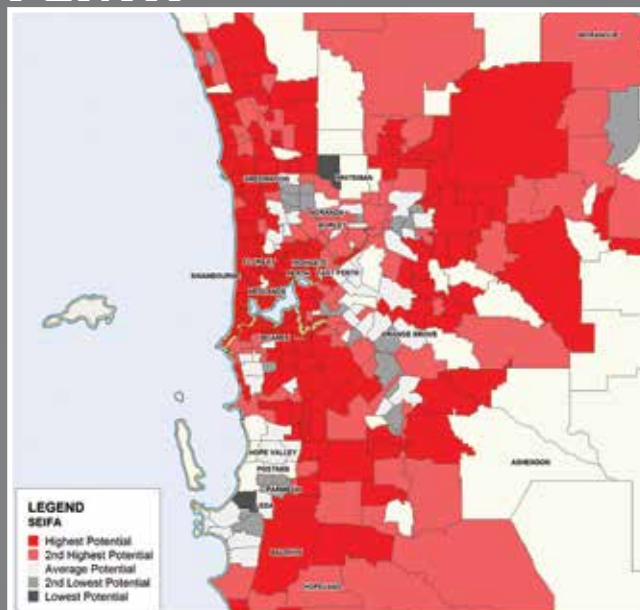
SEIFA is a product developed by Australian Bureau of Statistics (ABS) that ranks areas according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly census and take into consideration demographics relating to income, education, occupation, and employment.

Trac Group has commissioned Spectrum Analysis Australia Pty Ltd to produce maps of a number of cities to reflect the SEIFA. This can be refined to zoom in to the top 10% or top 5% of areas as required. Examples are set out below (depicting Sydney, Melbourne, Brisbane, Perth, Adelaide and Auckland, being each of the cities in Australia and New Zealand with a population of 1,000,000 or more). The colour coded maps indicate which suburbs have the best potential for Tractile Products based on the SEIFA indexes.

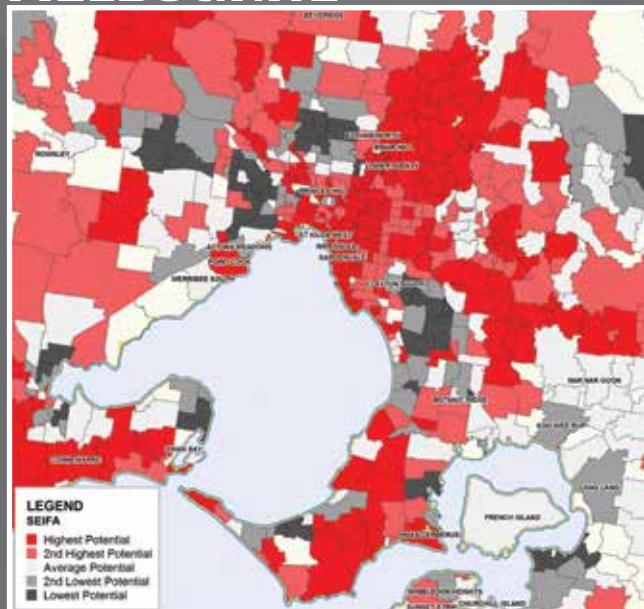
## SYDNEY



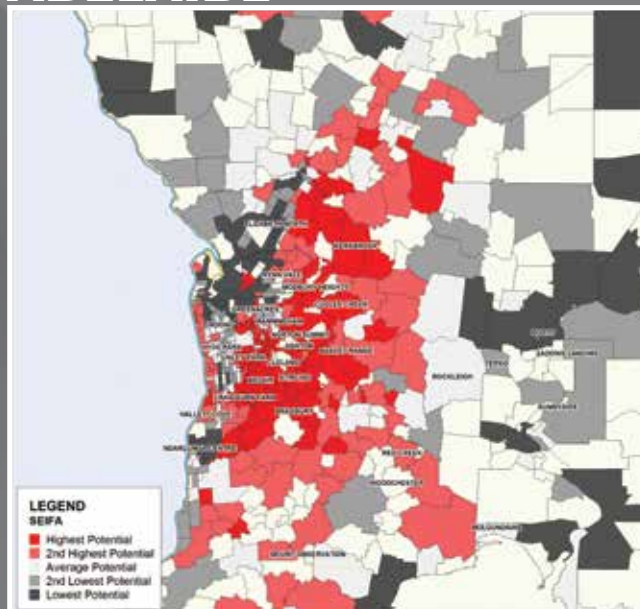
## PERTH



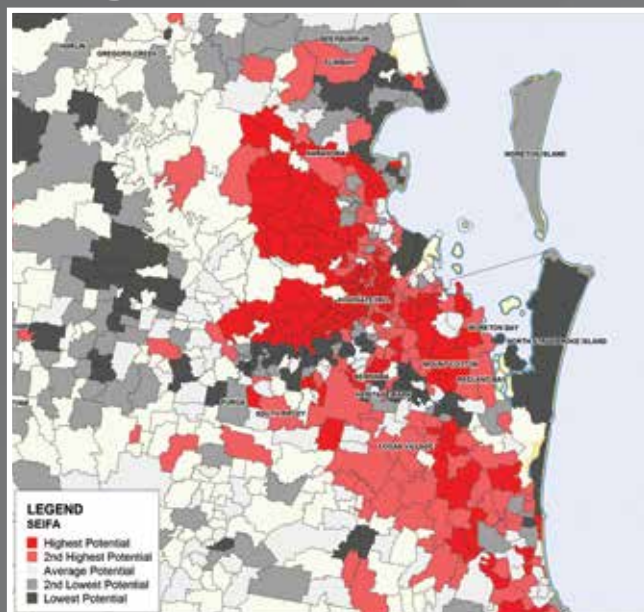
## MELBOURNE



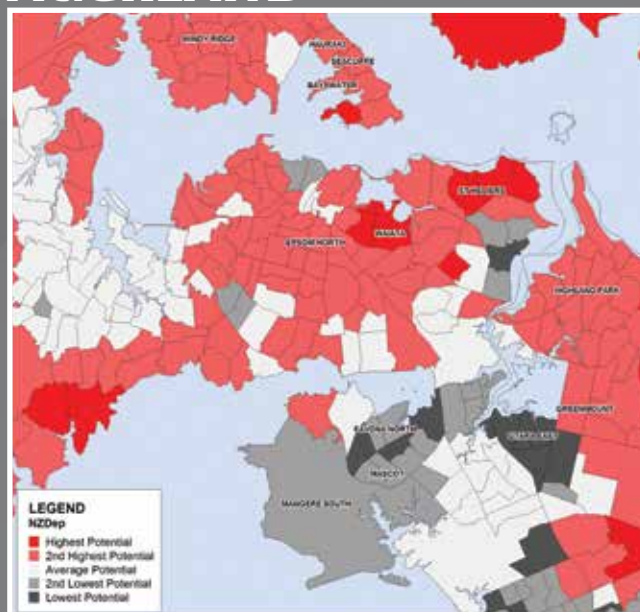
## ADELAIDE



## BRISBANE



## AUCKLAND





Another way of considering the areas of highest potential is to look at the suburbs that have average house price sales over \$1,000,000. As of late 2014 Australia had 168 suburbs with a median house sale price of more than \$1,000,000, of which 98 were in Sydney.

#### Architects

Trac Group expects that its products will be attractive to owners of high value, modern, energy-efficient houses, and most of these are architecturally designed. Part of Trac Group's marketing strategy will be to go to the designers who are looking for both energy efficiency and aesthetically pleasing results. The Australian Institute of Architects has more than 12,000 members and Trac Group will market to them.

#### Regional Representation

The Company's plan is to establish representation in the five major capital cities across Australia, and run a distributor operation. The Company's head office will be responsible for the marketing of products into the various states, and the logistical operations and the control of distributors.

#### Territory or Distributor Network Planning

The Company intends to create a distributorship network where the distributors will have a territory of sufficient scale to manage and operate.

The territories will be established so that the most attractive distribution areas for Tractile™ Products will have a lesser number of households, and the least attractive will have more households. The aim of this is to create similar demand for our products from one distributorship to the next.

#### Tractile™ Distributors

The Company's marketing research indicates there should be a distributor for around every 500,000 persons, or 180,000 households approximately. This will vary considerably with lower household numbers required in high socioeconomic demographic areas, and more households required in medium to lower socioeconomic demographic areas to make up a distributorship area or territory of sufficient scale.

The Company's research indicates a mature distributor market (Australia wide) would resemble the following:

AREAS	Approximate Population	Estimated Number of Territories
Sydney plus Wollongong/Central Coast/Newcastle	5,188,834	10
Brisbane plus Gold Coast/Sunshine Coast/Tweed Heads	2,865,013	6
Melbourne plus Geelong	4,180,734	8
Perth plus Mandurah	1,733,306	3
Adelaide	1,163,512	2
Canberra - Queanbeyan	403,528	1
Balance of Country		10 approx.
Total	15,534,927	40 approx.

Each area can be described in terms of numbers of dwellings, socioeconomic standing, numbers of businesses, numbers of employees and a list of architects and potential building companies.

#### Partnerships

Trac Group is planning to enter into partnerships with associated types of businesses that should see the further expansion of Tractile™ Products.



For example, Tractile Pty Ltd has entered a dealer agreement with Solar 360 Pty Ltd, which is a national solar wholesale supply company. The relationship with the 75 dealers in the Solar 360 Pty Ltd network provides Trac Group with access to a national network of skilled and certified installers who can also refer projects.

### 3.6 Roll-out of Tractile™ Products into global markets

Trac Group will develop plans to grow internationally, subject to raising sufficient funds in excess of the Minimum Subscription to do so.

The international market is a key growth market because there is significant potential overseas. Trac Group products have been designed and developed with a view to selling into global roofing markets. Australia and New Zealand combined only have six cities with a population of more than 1,000,000. Worldwide there are 514 cities with a population of more than 1,000,000 people, of which 211 cities (including those in Australia and New Zealand) are within countries in which patents have already been granted to the Company. Of the 303 cities remaining, 257 are covered by patent applications that are in the process of being examined. The Company's vision is to create globally diversified revenues coming from international divisions.

As part of its global growth strategy, the Company has invested in international patents and has identified and responded to major global trends. It has also sought to develop new technologies that are scalable.

Trac Group's starting point will be 'first world' countries where there are populous cities offering opportunity for our products.

#### The Global Market

The roof tile business, including the distribution channels for roofing products, is country and region specific. In a typical distribution channel manufacturers sell their products mainly through distributors that are either specialised roofers' merchants or general builders' merchants. Distributors usually arrange transportation and carry in stock roofing materials for local roofers; in addition, they provide them with certain related advisory services. Smaller portions of roofing products are sold directly to roofing contractors and house builders. Constructors and house builders in turn distribute roofing products further to end customers and homeowners.

The size of the potential market Trac Group intends to target is illustrated in the following table:

<b>Australia</b>	Approximately 30,000,000 square metres per annum of new or replacement roofing
<b>Worldwide</b>	More than 10 billion square metres per annum of new or replacement roofing
<b>Worldwide Cities with 1 million or more population</b>	514
<b>Cities with 1 million or more population in Countries covered by Trac Group granted patents</b>	211

Broadly speaking, if sufficient funds are raised in excess of the Minimum Subscription to do so, Trac Group will consider entering the global market in up to six key international markets. They are:

1. Australia and New Zealand
2. USA, Canada and South America
3. Europe
4. China
5. South East Asia and Japan
6. Middle East, Africa, India

The markets in Australia, New Zealand, Europe, and North America are mature with consistent volumes of new builds and renovations in the residential market. China, Asia, and the Middle East represent growth markets characterized by an increasingly broad distribution of wealth, high population growth, a reduction of trade and other barriers, and an increased amount of retail and distribution infrastructure.

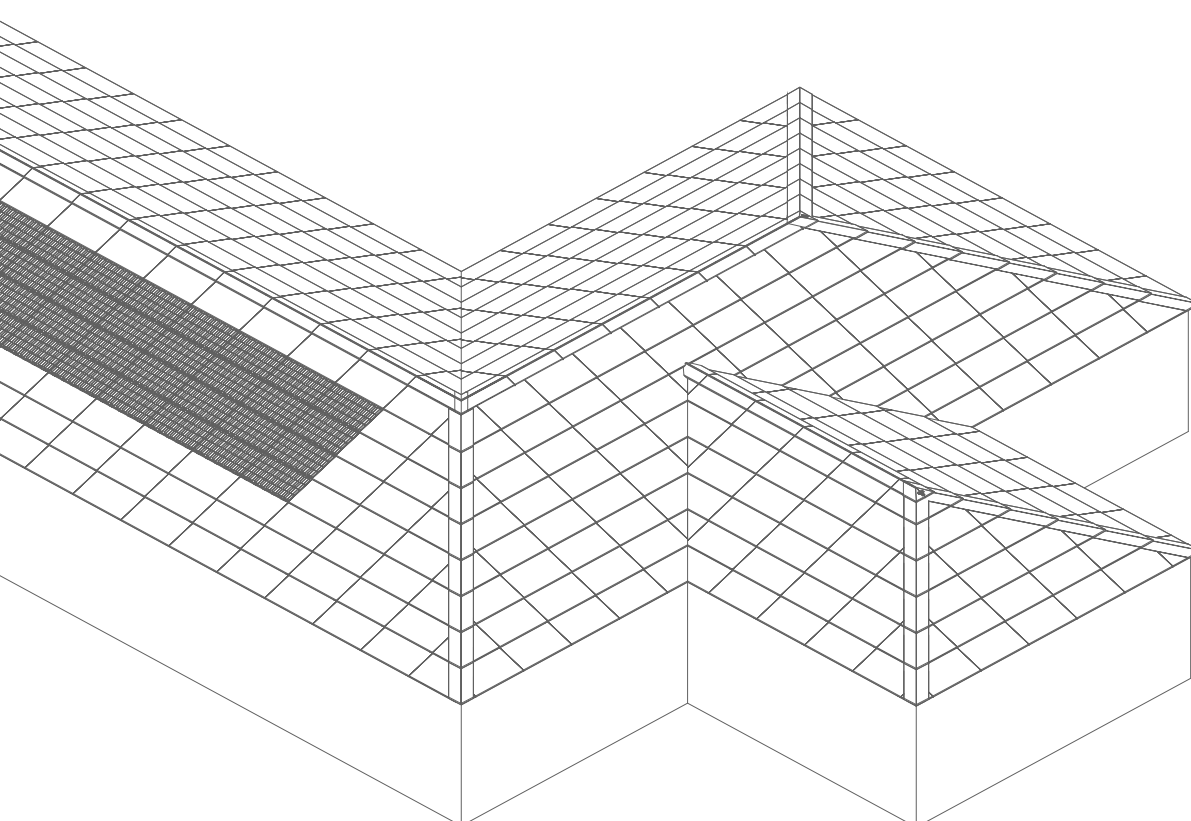
Trac Group intends to maintain the holding company and corporate office in Australia, and to establish 5 international partnerships to manage the set up of the distributor networks within 2 to 5 years. With 211 cities in countries already covered by existing granted patents with populations of more than 1,000,000 people, while there are many variables, Trac Group aspires to sign up distributors servicing 30+ of these cities within five years. This strategy is designed to attract more "early stage" buyers from the larger potential international markets. Each of the identified cities represents a potential market of approximately 4,000 roofs per annum in a combination of new builds and re-roofing.

Trac Group will also focus its efforts on reducing costs throughout all channels. This will include examining ways to lower manufacturing costs, lower sales costs (digital marketing and utilising technology), and lowering staff costs (by offshoring labour intensive functions and using an international partner strategy to co-invest in developing markets).

The key roles of the head office will be to:

- Coordinate technical and marketing support to these international partnerships
- Administer cost and quality control programs in manufacturing
- Develop and/or acquire additional products.

**Proposed Distribution/Representation Network Trac Group in 2020**





## 4. Financials

# Financials

## 4.1 Introduction

This Section sets out Historical and Pro-Forma Financial Information of Trac Group Holdings Ltd and its Controlled Entities (**Group**). The basis for preparation and presentation of this information is set out below.

The Financial Information has been prepared by management and adopted by the Board. The Board is responsible for the inclusion of all Financial Information in the Prospectus. BDO Audit Pty Ltd has prepared an Independent Limited Assurance Report in respect of the 30 June 2015 Historical Financial Information and the Pro-Forma Financial Information. A copy of the report is contained in Section 8.

The statement of profit or loss and other comprehensive income for the year ended 30 June 2014 and the statement of cash flows for the year ended 30 June 2014 included in section 4.5 are extracted from the audited financial statements of Trac Group for the year ended 30 June 2014. These have not been reviewed by BDO and are excluded from the scope of BDO's Independent Limited Assurance Report.

The Historical and Pro-Forma Financial Information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the significant accounting policies set out in Section 4.6 below. The Historical and Pro-Forma Financial Information comprises Financial Information of the Group. The Historical and Pro-Forma Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

## 4.2 Historical Financial Information

The Historical Financial Information for the Company set out below comprises:

- The Audited Historical Statement of Financial Position as at 30 June 2015 as set out in Section 4.4 below;
- The Audited Statements of Profit or Loss and Other Comprehensive Income for the years ending 30 June 2015 and 2014 as set out in Section 4.5 below;
- The Audited Statements of Cash Flows for the years ending 30 June 2015 and 2014 as set out in Section 4.5 below; and
- Selected notes to the Statement of Financial Position as set out in Section 4.6 below.

The Historical Financial Information has been extracted from the audited financial statements of the Company for the FY2015. The Company is an early stage industrial company and has not traded in any material capacity. During the period from incorporation to FY2015 the Company has not earned significant revenue from operations and has incurred operating losses.

## 4.3 Pro-forma historical statement of financial position

The Pro-Forma Financial Information for the Company set out below comprises:

- The Reviewed Pro-Forma Statements of Financial Position as at FY2015; and
- Selected notes to the Reviewed Pro-Forma Statements of Financial Position.

The Reviewed Pro-Forma Statements of Financial Position has been derived from the Audited Historical Statement of Financial Position as at FY2015 adjusted for the following transactions as if they had occurred at FY2015 (pro-forma transactions):

- The issue of between 14,000,000 up to 26,000,000 Shares at an issue price of \$0.25 per Share to raise a minimum \$3,500,000 up to \$6,500,000 before expenses of the Offer. All Shares issued pursuant to this Prospectus will be issued as fully paid.



- Total cash costs expected to be incurred in connection with the preparation of the Prospectus and ASX listing of Shares between \$602,594 up to \$755,594. Of these costs \$60,428 was taken up in pre-payments at FY2015. Of the total costs, between \$175,000 and \$325,000 were allocated to share capital as cost of raising new capital and \$427,594 and \$430,594 were written off to profit or loss as the cost of listing existing capital.
- Expenses incurred and paid in cash of \$120,000 during the first four months of the 2016 financial year to finance Operations (e.g. marketing, patents, and office) and Certifications.
- Payment of \$67,593 in trade and other payables after FY2015.
- The issue of 2,709,001 Shares at \$0.14 in respect of sign-on and remuneration packages for executive and Non-Executive Directors. The value ascribed to these Shares is \$379,261.
- The issue of 250,000 Shares at \$0.14 to raise \$35,000 received in September 2015.
- The issue of 133,561 Shares in lieu of cash payment of \$23,227 for marketing services received.
- The issue of 320,000 Shares at \$0.25 as remuneration in Shares for Non-Executive Directors after October 2015. The value ascribed to these Shares is \$80,000.
- The issue of 6,500,000 Options at a strike price of \$0.20 and expiring on 30 October 2019 with a fair value of \$330,000 as sign-on remuneration for the CEO.
- The issue of 6,000,000 conditional Options at a strike price of \$0.25 and expiring on 30 October 2019 with a fair value of \$270,000 as remuneration for the CEO.
- Upon signing of the Shareholders Agreement the share application monies of \$344,061, accounted for as Borrowings in FY2015, was converted into 1,000,000 shares in Tractile Malaysia Sdn Bhd held by Pipeco. Under the Shareholders Agreement the Company has the option to buy the 1,000,000 shares from the joint venture partner for MYR 866,708.28 (approximately AUD \$300,000 after making allowance for the costs of completing the transaction, at current exchange rates) six months after successful completion of the listing, and the joint venture partner has the right to sell the same 1,000,000 shares for the same amount to the Company 12 months after successful completion of the listing of the Company. The Company intends to execute its option and has allocated proceeds from the Offer to do so.

As a result Tractile Malaysia Sdn Bhd has been accounted for as a controlled entity in both the Audited Historical Statement of Financial Position and the Reviewed Pro-Forma Statements of Financial Position as at 30 June 2015 on the basis that the consolidated entity controls Tractile Malaysia Sdn Bhd as at 30 June 2015 and will control Tractile Malaysia Sdn Bhd following the completion of the above noted pro-forma transaction.

These transactions are represented by a \$344,061 reduction in Borrowings, a \$300,000 reduction in Cash, and a transfer to reserves of \$44,061 in the Pro-Forma Financial Information.

- Deposit of \$8,800 received from a customer for Tractile™ roof installation.

#### 4.4 Trac Group Historical and Pro-Forma Financial Information

The Historical and Pro-Forma Financial Information should be read in conjunction with the notes referred to below.

30 June 2015					Reviewed Pro-Forma Statement of Financial Position \$3,500,000 raised	Reviewed Pro-Forma Statement of Financial Position \$6,500,000 raised
STATEMENT OF FINANCIAL POSITION	Note	Audited Historical Statement of Financial Position	Impact of Pro-Forma Transaction \$3,500,000 raised	Impact of Pro-Forma Transaction \$6,500,000 raised		
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash and cash equivalents	4.7	\$363,594	\$2,514,041	\$5,361,041	\$2,877,635	\$5,724,635
Trade and other receivables		\$5,088	-	-	\$5,088	\$5,088
Inventories		\$120,869	-	-	\$120,869	\$120,869
Other assets		\$60,428	(\$60,428)	(\$60,428)	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>\$549,979</b>	<b>\$2,453,613</b>	<b>\$5,300,613</b>	<b>\$3,003,592</b>	<b>\$5,850,592</b>
<i>Non-Current Assets</i>						
Property, plant and equipment		\$392,127	-	-	\$392,127	\$392,127
<b>TOTAL NON-CURRENT ASSETS</b>		<b>\$392,127</b>	<b>-</b>	<b>-</b>	<b>\$392,127</b>	<b>\$392,127</b>
<b>TOTAL ASSETS</b>		<b>\$942,106</b>	<b>\$2,453,613</b>	<b>\$5,300,613</b>	<b>\$3,395,719</b>	<b>\$6,242,719</b>

30 June 2015 STATEMENT OF FINANCIAL POSITION	Note	Audited Historical Statement of Financial Position	Impact of Pro-Forma Transaction \$3,500,000 raised	Impact of Pro-Forma Transaction \$6,500,000 raised	Reviewed Pro-Forma Statement of Financial Position \$3,500,000 raised	Reviewed Pro-Forma Statement of Financial Position \$6,500,000 raised
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Trade and other payables	4.8	\$88,628	(\$58,793)	(\$58,793)	\$29,835	\$29,835
Borrowings	4.9	\$344,061	(\$344,061)	(\$344,061)	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>\$432,689</b>	<b>(\$402,854)</b>	<b>(\$402,854)</b>	<b>\$29,835</b>	<b>\$29,835</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>\$432,689</b>	<b>(\$402,854)</b>	<b>(\$402,854)</b>	<b>\$29,835</b>	<b>\$29,835</b>
<b>NET ASSETS</b>		<b>\$509,417</b>	<b>\$2,856,467</b>	<b>\$5,703,467</b>	<b>\$3,365,884</b>	<b>\$6,212,884</b>
<b>EQUITY</b>						
Issued Capital	4.10	\$3,624,019	\$3,842,488	\$6,692,488	\$7,466,507	\$10,316,507
Reserves	4.11	(\$10,884)	\$644,061	\$644,061	\$633,177	\$633,177
Accumulated losses	4.12	(\$3,103,718)	(\$1,630,082)	(\$1,633,082)	(\$4,733,800)	(\$4,736,800)
<b>TOTAL EQUITY</b>		<b>\$509,417</b>	<b>\$2,856,467</b>	<b>\$5,703,467</b>	<b>\$3,365,884</b>	<b>\$6,212,884</b>

#### 4.5 Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income and Historical Statements of Cash Flows

The Historical Consolidated Statements of Profit and Loss and Other Comprehensive Income and Historical Statements of Cash Flows of Trac Group are derived from:

- The Trac Group audited Financial Report for the year ended 30 June 2015 as audited by BDO Audit Pty Ltd; and
- The Trac Group audited Financial Report for the year ended 30 June 2014 as audited by Jonathan Burgess.

The Company is an early stage industrial company and has not traded in any material capacity. During the period from incorporation to 30 June 2015 the Company has not earned significant revenue from operations and has incurred operating losses.

#### Consolidated Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2015 and 30 June 2014

Continuing Operations	2015	2014
<b>Revenue</b>	<b>\$140,242</b>	<b>\$135,974</b>
Other income	-	\$333,009 <sup>a</sup>
Changes in inventories	(\$76,232)	(\$35,695)
Depreciation and amortisations expense	(\$51,477)	(\$36,106)
Finance costs	(\$32,365)	(\$61,478)
Other expenses	(\$498,259)	(\$469,506)
Profit before income tax	(\$518,091)	(\$133,802)
Tax expense	-	-
Net Profit for the year	(\$518,091)	(\$133,802)
<b>Other comprehensive income for the year</b>		
Foreign currency translation	(\$10,884)	-
<b>Total comprehensive income for the year</b>	<b>(\$528,975)</b>	<b>(\$133,802)</b>

a. \$333,009 recorded as Other Income in FY2014 is made of \$289,082 related to a gain on loan forgiveness from a related entity that was controlled by a director, Jason Perkins and \$43,927 of other income.

## Consolidated Statement of Cash Flows for the years ended 30 June 2015 and 30 June 2014

	2015	2014
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	\$86,368	\$305,617
Interest received	\$2,154	-
Payments to suppliers and employees	(\$329,941)	(\$772,112)
Finance costs	(\$32,365)	(\$61,478)
Research and Development Incentive	\$51,721	\$122,934
<i>Net cash used in operating activities</i>	<i>(\$222,063)</i>	<i>(\$405,039)</i>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	-	\$9,018
Purchase of property, plant and equipment	(\$14,349)	(\$211,599)
<i>Net cash used in investing activities</i>	<i>(\$14,349)</i>	<i>(\$202,581)</i>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issue of shares	\$853,583	\$67,500
Payment of share issue costs	(\$29,152)	-
Repayment of borrowings	(\$17,955)	(\$19,728)
Loans from related parties		
- payments made	(\$303,065)	(\$198,916)
- proceeds from borrowings	\$91,495	\$717,739
<i>Net cash provided by financing activities</i>	<i>\$594,906</i>	<i>\$566,595</i>
Net increase/ (decrease) in cash held	\$358,494	(\$41,025)
Cash and cash equivalents at beginning of financial year	\$5,100	\$5,693
Effect of exchange rates on cash holdings in foreign currencies	-	\$40,432
<b>Cash and cash equivalents at end of financial year</b>	<b>\$363,594</b>	<b>\$5,100</b>

### 30 June 2013 Operating results – Profit or loss

Trac Group recorded a loss of \$292,369 in the financial year ended 30 June 2013. The loss was a result of sales of \$131,840, a research and development grant of \$92,424 and other income of \$83,649 offset by operating and other expenses of \$600,282.

### 4.6 Notes to and forming part of the Financial Information

A summary of key accounting policies which have been adopted in the preparation of the Financial Information set out in this Section of this Prospectus, and which will be adopted and applied in the preparation of the financial statements of the Company as at FY2016 and subsequent financial years are set out below.

#### Basis of Preparation

Except for cash flow information, the financial statements are prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of this Financial Information are presented below and have been consistently applied unless stated otherwise.

### Principles of Consolidation

The consolidated Financial Information incorporates all of the assets, liabilities and results of the Company and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the Financial Information of the Company from the date on which control is obtained by the Company. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Company entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Company.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Company are presented as 'non-controlling Interests'. The Company initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

### Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

### Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the Financial Information.

#### Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

#### Property, Plant and Equipment

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

##### Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

##### Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

### Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

### Investments in Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. In addition, the Company's share of the profit or loss of the associate is included in the Company's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Company's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Company will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

### Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Company's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated Financial Information.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Company makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

### Intangibles

#### *Patents and trade marks*

All costs for patents and trade marks until FY2015 have been expensed to the Profit & Loss in the financial year these costs were raised. Costs for patents and trade marks in FY2016 are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

### Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

### Foreign Currency Transactions and Balances

#### *Functional and presentation currency*

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated Financial Information is presented in Australian dollars which is the parent entity's functional currency.



### Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

### Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

### Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

### Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

### Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as noncurrent assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.



### Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Financial Information.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

### Comparative Figures

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

### Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

### Key Estimates

#### i. Going Concern

The FY2015 financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company has been incurring operational losses. Due to the extent of the losses and inability to produce profits up until FY2015 it was noted that the Group has significant going concern issues. The basis of continuing operations was dependent on a capital raising which may include listing on the ASX. It was noted that in the absence of a future successful capital raising, there existed a material uncertainty that may cast doubt on the ability of the Group to continue as a going concern, and therefore the Company may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

#### ii. Impairment – General

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

### New Australian Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations issued by AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

*AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).*

This standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the standard, the application of such accounting would be largely prospective.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

*AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).*

When effective, this standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as nonmonetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

#### 4.7 Cash and Cash Equivalents

Reconciliation of movements in pro-forma cash and cash equivalents	Minimum Subscription \$3,500,000	Maximum Subscription \$6,500,000
Cash and cash equivalents at 30 June 2015	\$363,594	\$363,594
Payment of trade and other payables	(\$67,593)	(\$67,593)
Operating expenses incurred and paid in cash	(\$120,000)	(\$120,000)
Receipt of customer deposit	\$8,800	\$8,800
Receipt from issue of Shares	\$35,000	\$35,000
Proceeds from the issue of Shares pursuant to this Prospectus	\$3,500,000	\$6,500,000
Buy shares in Tractile Malaysia Sdn Bhd	(\$300,000)	(\$300,000)
Payment of remaining estimated costs with respect to Offer	(\$542,166)	(\$695,166)
Pro-forma cash and cash equivalents	\$2,877,635	\$5,724,635

#### 4.8 Trade and Other Payables

Reconciliation of movements in pro-forma financial liabilities	Minimum subscription \$3,500,000	Maximum subscription \$6,500,000
Financial liabilities at 30 June 2015	\$88,628	\$88,628
Payments made	(\$67,593)	(\$67,593)
Deposits received	\$8,800	\$8,800
Pro-forma financial liabilities	\$29,835	\$29,835

## 4.9 Borrowings

<b>Reconciliation of movements in Borrowings</b>	<b>Minimum subscription \$3,500,000</b>	<b>Maximum subscription \$6,500,000</b>
Borrowings at 30 June 2015	\$344,061	\$344,061
Repaid through buying shares Tractile Malaysia Sdn Bhd	(\$300,000)	(\$300,000)
Gain on acquisition of all shares from joint venture partner	(\$44,061)	(\$44,061)
Pro-forma Borrowings	\$0	\$0

## 4.10 Issued Capital

<b>Reconciliation of movements in pro-forma issued capital - Shares</b>	<b>Minimum issue of 14,000,000 Shares</b>	<b>Maximum issue of 26,000,000 Shares</b>
Shares on issue at 30 June 2015	52,962,797	52,962,797
Issue of Shares until 31 October 2015 (note a)	3,412,562	3,412,562
Issue of Shares pursuant to this Prospectus	14,000,000	26,000,000
Pro-forma issued capital	70,375,359	82,375,359

<b>Reconciliation of movements in pro-forma issued capital (AUD)</b>	<b>Minimum subscription \$3,500,000</b>	<b>Maximum subscription \$6,500,000</b>
Shares on issue at 30 June 2015	\$3,624,019	\$3,624,019
Issue of Shares until 31 October 2015 (note a)	\$517,488	\$517,488
Issue of Shares pursuant to this Prospectus	\$3,500,000	\$6,500,000
Cost of raising capital	(\$175,000)	(\$325,000)
Pro-forma issued capital	\$7,466,507	\$10,316,507

Note a: These reflect the issue of 3,412,562 Shares valued at \$517,488 in return of sign-on and remuneration packages for executive and Non-Executive Directors, marketing fees, and additional investments received:

- 250,000 Shares at \$0.14 to raise \$35,000 from a seed investor.
- 133,561 Shares issued in lieu of cash payment for marketing services received valued at \$23,227.
- 357,140 Shares at \$0.14 issued as remuneration for Non-Executive Directors for period April to October 2015, valued at \$50,000.
- 320,000 Shares issued at \$0.25 as remuneration for Non-Executive Directors for period November 2015 to October 2016, valued at \$80,000.
- 783,953 Shares issued at \$0.14 to Bertio Terpstra and forfeitable if Mr Terpstra resigns from the Company before 30 June 2016 or no significant capital raise event by 30 June 2016, valued at \$109,753;
- 783,954 Shares issued at \$0.14 to Bertio Terpstra and forfeitable if Mr Terpstra resigns from the Company before 30 June 2017 or no significant capital raise event by 30 June 2016, valued at \$109,754; and
- 783,954 Shares issued at \$0.14 to Bertio Terpstra and forfeitable if Mr Terpstra resigns from the Company before 30 June 2018 or no significant capital raise event by 30 June 2016, valued at \$109,754.

## 4.11 Reserves

<b>Reconciliation of movements in reserves</b>	<b>Minimum subscription \$3,500,000</b>	<b>Maximum subscription \$6,500,000</b>
Reserves at 30 June 2015	(\$10,884)	(\$10,884)
Gain on acquisition of all shares from joint venture partner	\$44,061	\$44,061
Issue of 6,500,000 Options at \$0.20 expiring 30 October 2019	\$330,000	\$330,000
Issue of 6,000,000 conditional Options at \$0.25 expiring 30 October 2019	\$270,000	\$270,000
Pro-forma reserves	\$633,177	\$633,177

## 4.12 Accumulated Losses

Reconciliation of movements in pro-forma accumulated losses	Minimum subscription \$3,500,000	Maximum subscription \$6,500,000
Accumulated losses at 30 June 2015	\$3,103,718	\$3,103,718
Operating losses from 1 July 2015 to 31 October 2015 (note a)	\$602,488	\$602,488
Issue of 6,500,000 Options at \$0.20 expiring 30 October 2019	\$330,000	\$330,000
Issue of 6,000,000 conditional Options at \$0.25 expiring 30 October 2019	\$270,000	\$270,000
Offer expenses from issuing Shares (note b)	\$427,594	\$430,594
Pro-forma accumulated losses (note c)	\$4,733,800	\$4,736,800

Note a: Includes:

- the issue of 3,029,001 Shares valued at \$459,261 in return of sign-on and remuneration packages for executive and Non-Executive Directors.
- the issue of 133,561 Shares valued at \$23,227 for services provided prior to the Offer.
- \$120,000 in operating expenses paid in cash for the period 1 July 2015 to 31 October 2015.

Note b: These include the marketing, legal and finance cost to prepare the Company for listing on the ASX.

Note c: As at 30 June 2015 the Group has accumulated certain tax losses comprising operating losses of \$1,145,754 and capital losses of \$1,806,109. Combined these total \$2,951,863. These losses will only be brought to account as Deferred Tax Assets in the financial year when they are likely to be realised (i.e. in the event that Trac Group earns profits or makes a taxable capital gain).

## 4.13 Commitments

Trac Group has entered into an operating lease at its Southport Office for a three-year period (expiring November 2017) with a three-month termination notice.

## 4.14 Contingent assets and liabilities

There were no contingent assets and liabilities at FY2015.

## 4.15 Subsequent events

The Directors are not aware of any other significant changes in the state of affairs of the Group or events subsequent to FY2015 that would have a material impact on the Historical or Pro-Forma Financial Information accept as otherwise disclosed in this document.

## 4.16 Dividend policy

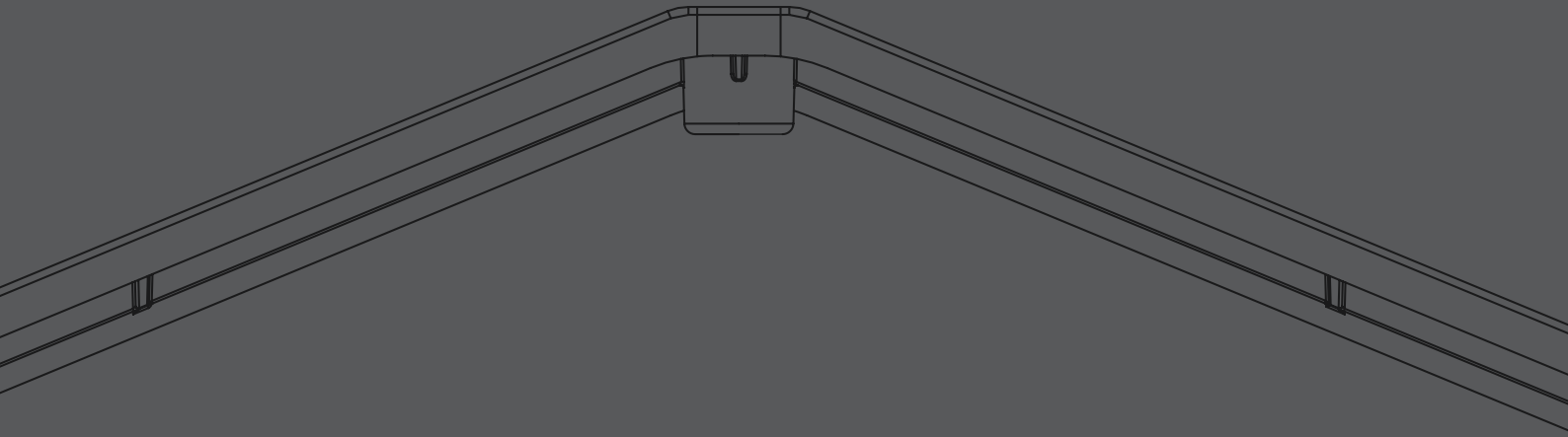
The policy of the Company will be to invest all cash flow into the business in order to maximise its growth. Accordingly, no dividends will be payable in the short to medium term following the Company's listing on ASX. The Board will review the policy annually and announce to the market the result of the review. The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Company.

## 4.17 Share and Option based payments

The Directors have endeavoured to pay service providers including Directors in Shares and/or Options where possible to preserve cash.

From 30 October 2014 until 30 October 2015 all Shares issued were valued at the pre-Offer price of \$0.14 per share, except for Shares issued for remuneration to Non-Executive Directors for the period November 2015 to October 2016, which were issued at \$0.25. All Shares issued in lieu of cash have been expensed via the profit and loss and are accounted for in Issued Capital.

Until 30 October 2015 all Options issued were valued at the pre-Offer price of \$0.14 per Share. The CEO received as part of his sign-on remuneration 6,500,000 Options with an exercise price of \$0.20, in addition to 6,000,000 conditional Options with an exercise price of \$0.25 (see Section 6.3(d) for further details). The conditional options vest annually in three equal tranches, with the first tranche vesting on 30 October 2016, the second tranche vesting on 30 October 2017, and the third vesting on 30 October 2018. All Options expire 30 October 2019. All Options issued in lieu of cash have been expensed via the profit and loss and are accounted for in Reserves for the purposes of this prospectus to illustrate the full effect on the Company's financial position. In the statutory financial statements the options will be expensed on a straight line basis over the vesting period applicable to each tranche of options.



## 5. Risks

# Risks

## 5.1 Introduction

This Section describes the potential risks associated with the Company's business and risks associated with an investment in Shares. It does not purport to list every risk that may be associated with an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section are partially or completely outside the control of the Company, its Directors and senior management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the importance of particular risks will not change or other risks will not emerge.

There can be no certainty that the Company will deliver on its business strategy, or that the forecasts or any forward looking statement contained in this Prospectus will be achieved or realised. You should note that past performance is not a reliable indicator of future performance.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

## 5.2 Risks specific to an investment in the Company

An investment in the Company involves risks and should be regarded as a speculative investment. This Section describes a range of specific risks associated with an investment in the Company. Each of the risks set out below, either individually or in combination could, if they eventuate, have a materially adverse impact on the Company's business, financial condition and/or results from operations.

Some risks can be mitigated against by the Company by the use of safeguards and appropriate commercial action, while other risks are outside the Company's control. Potential investors should specifically consider each of the factors contained in this Section in light of their investment objectives and financial circumstances in order to fully appreciate the risks associated with an investment in the Company. If investors are in any doubt about what to do, they should seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

### a. Sales and Marketing Success

Revenues are dependent on the successful commercialisation of the Tractile™ Products. The Company has retained MathMarketing to assist in developing and implementing an appropriate sales and marketing strategy but there is the possibility that the strategy will not be successfully executed.

## b. Competition

The market for traditional roofing and solar roofing products is highly competitive and dominated by large companies with established brands. There is no certainty that the Company will be able to compete effectively with existing and new competitors in the future or establish, maintain and expand supply and distribution contracts. Increased competition in the industry may reduce the Company's sales and selling prices and profit margins and may adversely affect its operating results.

## c. Price

Tractile™ Products can be more expensive than traditional products. Composite materials used in the manufacturing of Tractile™ Products are more expensive compared to materials used to manufacture concrete tiles and metal sheeting. However, the Company believes the benefits outweigh the costs for the Company's target market, which is typically less price sensitive.

## d. Limited Sales History

The Company has a limited sales history with only a small number of sales in Australia, having been primarily engaged in research and product development for several years before conducting market trials. The Company's technology is considered to be in the early and expansion stages of commercialisation.

## e. Exchange rates

The Company purchases raw materials in US Dollars. Tractile™ Products will be sold in Australia in Australian Dollars and internationally in US Dollars. Therefore, costs, and profits will be subject to movements in the US dollar and the Australian dollar and the currencies for other countries in which the Company plans to operate. Significant, sustained changes in the exchange rate may dictate a change in the Company's strategy.

## f. Intellectual property

The Company owns a portfolio of intellectual property including patents and trade marks. The Company intends to continue to develop its intellectual property portfolio. Protection of intellectual property is uncertain and involves complex and continually evolving factual and legal questions.

Even if the Company is successful in obtaining protection for its intellectual property, this could be partially or wholly invalidated following challenges by third parties. The legal and cultural attitudes towards intellectual property rights may vary from country to country, which may affect the issue and/or protection of intellectual property rights.

Insofar as the Company relies on rights derived from licensing agreements with third parties (which, while it does not currently, it intends to in the future), there is no guarantee that such rights will be secured in a manner that meets all of the future needs of the Company. If a third party accuses the Company of infringing its intellectual property rights, the Company may incur significant costs (including management and technical personnel time) in defending such an action, whether or not it ultimately prevails. In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could adversely impact the Company.

## g. Reliance on small team of employees

The Company currently employs or engages as consultants a number of key personnel. As a lean team of less than 5 key personnel to minimise costs, the Company is potentially exposed to the unavailability or loss of individuals, particularly those with specific knowledge or expertise. Each of these factors may affect the Company's operational or financial performance. It may not be possible to secure a key person, or to quickly replace a key person through unexpected loss.

## h. Certification of Products

Certification of products is required for Tractile™ Products to be sold in the various Australian and international markets. The Company is certified to the Australian Standards that enable it to install off-grid tiles, but it is not currently certified to install on-grid tiles. This may limit or restrict the sale of Tractile™ Products. The Company will apply for further Certifications as part of the use of funds under this capital raising (see further Section 3.3(e)). While the Tractile™ Products have been designed and engineered with the intention to meet and/or exceed the current standards in the world, there is a risk that the Company will not be successful in gaining further Certifications.

From time to time standards are reviewed and updated with changes. This may cause the Company to incur extra costs to comply with changes to the standards and/or limit or restrict the sale of Tractile™ Products. There is a risk the Tractile™ Products may not be certified to any new standards.

## i. Sufficiency of Funding

The Directors expect that the Offer will provide sufficient capital resources at the Minimum Subscription level to enable the Company to achieve the business objectives identified in this Prospectus to penetrate the Australian market and proof of concept and plan for international expansion. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or further capital raisings and if such borrowings or capital raisings are required, that they can be obtained on terms acceptable to the Company or at all.



#### j. Liquidity Risks

There can be no guarantee that an active market in the Shares will develop, even when listed on the ASX. In particular a significant portion of the Shares will be subject to escrow or other disposal restrictions for periods up to 24 months (see Section 6.4). This may impact liquidity adversely for a period.

There may be relatively few, or many, potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in the Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

#### k. Operational and Technical Risks

Disruptions to operations may be caused by equipment failure, adverse political opposition, industrial accidents, labour disputes, customs and port delays, incorrect equipment specification or operations of the factory, which all result in increased production costs affecting the Company's competitive position.

#### l. Supplier Risks

The Company currently relies on a number of local and overseas suppliers for the manufacturing of its products. There are risks that are inherent in manufacturing operations including factory breakdowns and damage, below standard workmanship or materials, employee issues and workplace health and safety issues. Any adverse impact on production could have a materially adverse impact on the Company's ability to meet customer needs, achieve its expansion plans or its financial performance.

#### m. Product Quality and Reliability Risks

The quality of the Company's products is critical to its reputation. There can be no assurance that a product liability or other claim would not materially and adversely affect the business or financial condition of the Company.

#### n. Counterparty Risks

Any failure by the Company's local and overseas counterparties to comply with their contractual responsibilities, or any financial default or insolvency of a counterparty, could adversely impact the performance of the Company.

#### o. New Technology Substitution

The Company has developed innovative and new approaches to integrating solar energy technology with roof cladding made from lightweight and very strong composite materials. There are competing products in the roofing sector and competing products in the solar energy sector, but few if any competitors in the Roof Integrated Photovoltaic and Thermal sector.

#### p. Legacy Risks

The Company has recently undertaken a conversion from a proprietary company to a public company and on Completion will become a public listed company on the ASX. Whilst the Directors will provide oversight and guidance in relation to this latter process there are risks associated with such a transition. The Company is not aware of any legacy issues.

#### q. Loss making

The Company is currently loss making. The Company has a history of net losses and has not yet made a profit. There is no guarantee that it will achieve sufficient sales to become profitable.

#### r. Property Cycle

Demand for Tractile™ Products may be impacted by Property Cycles. The Australian property markets have been in an upward trend in the current Property Cycle and can be expected to slow or perhaps fall in the coming years. This may affect demand for Tractile™ Products.

#### s. Jason Perkins retains a significant stake in the Company post-Completion

Following Completion, Jason Perkins will have voting control over 36,266,951 Shares, representing 44.0% at the Maximum Subscription level and 51.54% at the Minimum Subscription level. In addition, Mr Perkins holds 12,500,000 options and, in the event all these Options are exercised, would have voting control over 48,766,951 Shares, representing 58.8% at the Minimum Subscription level and 51.4% at the Maximum Subscription level. The Company would receive payments of up to \$2,800,000 on the exercise of these options.

Mr Perkins will have the power to prevent the Company from passing a special resolution in general meeting and may have the power to control an ordinary resolution. This may impact the Board Structure and composition.

Up to 99.9% of these Shares are expected to be subject to escrow or other disposal restrictions until the times permitted by the relevant escrow agreements. A significant sale of Shares by Mr Perkins, or the perception that such a sale has occurred or might occur, could adversely affect the price of Shares.

### 5.3 General risks

#### a. Price of Shares may fluctuate

When the Company becomes a publicly listed company on the ASX, investment in the Shares will be subject to general risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX, and the value of the Shares, may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if the Company operates profitably or its earnings increase.

The market may be influenced by factors unrelated to the operating performance of the Company, such as economic conditions (including any recession affecting the construction industry or generally), investor sentiments, regional and international stock market conditions, changes in regional and international industrial, fiscal, monetary or regulatory policy, international conflicts and changes in interest rates and the rate of inflation.

#### b. There is a risk of Shareholder dilution

In the future, the Company may elect to issue Shares (or securities convertible into Shares). While the Company will be subject to constraints under the ASX Listing Rules regarding the percentage of its equity capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issue of Shares or securities.

#### c. Taxation changes may occur

Changes in tax law (including GST and stamp duties), or changes in the way taxation laws are interpreted, may impact the tax liabilities of the Company, Shareholder returns, the level of dividend imputation or franking, or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. The tax information provided in this Prospectus is based on current taxation law as at the Prospectus Date. Tax law is frequently being changed, both prospectively and retrospectively. Furthermore, the status of some key tax reforms remains unclear at this stage. An investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

#### d. Government Regulation and Legal


From time to time governments make changes to regulations. There is not a globally consistent approach to the environment, sustainability, and renewable energies, but the clear trend is a movement in support of this direction. The Company does not have a business model that will rely on any special government subsidies or incentives. The Company will make best use of any available subsidies or incentives. Because the Company's products tend towards being sustainable and using renewable energy the Company is more likely to be a recipient of benefits.

#### e. Australian Accounting Standards may change

Australian Accounting Standards are issued by AASB and are not within the control of the Company and its Directors. Any changes to the accounting standards or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

#### f. Force majeure events may occur

Events may occur within or outside of Australia and Malaysia that could impact upon the operations of Trac Group and the price of the Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, civil unrest, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Trac Group's products and its ability to conduct business. Trac Group has only a limited ability to insure against some of these risks.



## 6. Key People, Interests and Benefits

# Key People, Interests and Benefits

## 6.1 Board of Directors

The Board of Directors brings relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.



**Mr David Fagan,**  
Non-Executive Chairman

Qualifications: LLB, LLM, GAICD

David Fagan is a highly experienced commercial lawyer with more than 35 years of experience. He was Clayton Utz's Chief Executive Partner from May 2001 to June 2010.

Mr Fagan is a director of:

- Medibank Private Limited – Mr Fagan was Chair of the Privatisation Committee and is a member of both the People & Remuneration Committee and the Investment & Capital Committee.
- UBS Grocon Real Estate Investment Management – Mr Fagan is Chair of the Audit and Risk Committee.
- Hilco Oz Pty Limited and of Hilco Merchant Australia Pty Limited.
- The Global Foundation - Chair of the Audit Committee.



**Mr Jason Perkins,**  
Managing Director and CEO  
Qualifications: B.Com

Jason Perkins is an entrepreneur with significant international experience. Qualified in finance and marketing, he is one of the founding shareholders of the Company.

Through his private company Tilmanstone Pty Ltd, he has made investments in a number of ventures with a focus on renewable energies, composite materials, and manufacturing. He is a Non-Executive Director of Pai Kane Group (India) which has upwards of six divisions and 400 employees.

In recognition of his research to develop Tractile™ Products, Mr Perkins was appointed an Honorary Adjunct Associate Professor of Bond University.



**Mr Bertio Terpstra,**  
Executive Director

Qualifications: B.Eng, M.Sc

Bertio Terpstra is an operations and finance specialist. He holds Engineering and Masters of Science degrees and has gained experience in a wide range of industries with both small to medium enterprises and large corporate organisations. His career started in Information Communications Technology and Enterprise Resource Planning (ERP) in 1988 in Europe. He immigrated to Asia in 1993 to establish and manage a group of ERP consultancy companies in nine countries before selling the businesses in 2005 to focus on renewable energy.

In 2009 he settled in Australia and as a general manager of a solar PV and solar hot water business he grew revenue from less than \$2 million to more than \$20 million revenue in 18 months. Mr Terpstra joined Trac Group in 2012.



**Mr Michael Hazell,**  
Non-Executive Director

Qualifications: LLB, B.Com, G.Cert (Mgt), GAICD

Michael Hazell is an experienced lawyer who has acted for multinational and ASX listed companies both in private practice and as an in-house corporate lawyer. He has acted in a broad spectrum of large commercial and litigation matters including providing advice to boards and individuals in relation to strategy and governance issues.

After leaving DLA Piper (then Phillips Fox) in 2006, Mr Hazell co-founded and practised in an award winning boutique commercial law firm, taking it from the start-up phase to a multi-million dollar business operating in three states.

Mr Hazell has also served on for profit and not-for profit boards in the health, legal and sporting sectors, including as Chairperson.



**Philip Thomas**  
Company Secretary

Qualifications: M.CommLaw, B.Bus (Bkg & Fin) Grad Dip CSP, ASA, FCIS, FCSA, FFin, MAICD.

Philip Thomas is a director of corporate advisory and governance company Oakland Group Pty Ltd. Oakland Group advises companies in relation to governance, risk and corporate sustainability.

## 6.2 Advisory Committee

The Advisory Committee is selected by the executive Directors and consists of professionals with diverse backgrounds to provide technical advice and assistance to support the Board and senior management in decision-making.



**Neil Thompson**

Qualifications: B.Eng, Ass Dip Elec.Eng, MBA, Ph.D

Advisor: Sustainability

Neil Thompson is an economic sustainability specialist with expertise in the design of “future proofed” facilities with reduced capital cost and reduced/fixed operating costs. He started as an electrical engineering cadet in the Australian power industry in the 1980s before moving to radiation processing systems for aerospace and automotive industries in Japan, the USA, Europe and Latin America. He branched into renewable energy systems in early 2000. In 2003 he established a private strata energy company, Silver Energy Pty Ltd, that was then sold to a listed construction company, Devine Limited, in 2007. This triggered a move to consulting engineering in the UAE and Asia and time with the Fraunhofer Institute in Germany investigating Roof Integrated Photovoltaic and Thermal systems.



**Linda M. Koschier**

Qualifications: B.Eng, MBA, Ph.D

Advisor: Business Development and Sales Channels

Linda Koschier is an expert in Photovoltaic business development. She has worked for Trina Solar Australia, a global manufacturer of solar modules based in China; Roth & Rau, a Photovoltaic equipment manufacturer based in Germany; Amonix, a US-headquartered manufacturer of high concentration Photovoltaic systems; the US-based GE Energy and two venture capital-backed technology start-up companies. In these roles she has managed the entire sales process, and represented the companies in local and international exhibitions and conferences.



**Keith Mitchell**

Qualifications: B.E, M.Eng.Sc, Ph.D

Advisor: Electrical Designs and Thermo Dynamics

Keith Mitchell has more than 40 years of experience as an electrical engineer in the electricity industry, educator at universities, and in the renewable energy engineering field, specialising in building-integrated solar photovoltaic and thermal systems. Mr Mitchell started his professional career with the former Prospect County Council, then Integral Energy and now named Endeavour Energy, the second-largest electricity distributor in Australia. He worked as an engineering consultant and network planning and protection system specialist both for transmission and distribution utilities and large industrial customers. Mr Mitchell's recent work has been in the field of renewable energy systems and has been assisting the development of the Tractile™ Roof Integrated Photovoltaic and Thermal system and promoting the application of solar energy generally and grid-integration in particular. He is an early stage investor in the Company.



### **Greg Hull**

Qualifications: BA, Grad.Dip.Fin.Mgmt, GAICD

Advisor: Corporate Governance and International Business

Greg Hull has worked for 18 years as a Trade Commissioner for the Australian Trade Commission (AUSTRADE) throughout Asia, Africa, Middle East and Latin America. He has helped build numerous international business relationships and enjoys a large network across corporate and government in Australia and internationally. He is an early-stage investor in the Company.



### **Bob Beusekom**

Qualifications: MSc (IT and economics), CA, FCPA, PMP, GAICD

Advisor: Finance, Risk and Innovation

Bob Beusekom advises businesses in the areas of finance, IT, risk and governance. He has worked for consulting firms KPMG and Ernst & Young, his own enterprises and in executive roles in companies and for government authorities, such as program manager, chief information officer and finance director. Mr Beusekom's degrees include business economics, information management, accounting and project management, supported by memberships in Chartered Accountants (European Union), Certified Public Accountants (Australia, Fellow), Project Management Institute and Company Directors (Australia). He is passionate about innovation, transformational change and agile business environments.



### **Helmut Pfeifhofer**

Qualifications: B.Eng

Advisor: Manufacturing and Quality Control.

Helmut Pfeifhofer is an early stage investor in the Company and has been assisting the Company with design of its supply chain management solutions, focusing on technical and engineering management for quality control. He holds a degree in mechanical engineering and has extensive international experience in product sourcing. Mr Pfeifhofer was the general mill manager of one of the largest paper mills of Visy Industries in Australia. For Visy & Pratt industries he spearheaded and was the director for the establishment of a procurement organisation in China for high tech engineering items for all manufacturing plants of Visy Industries and Pratt Industries.

After the engagement with Visy Industries, Helmut Pfeifhofer worked successfully as a consultant for various industries and projects.



### **Alexis Dodwell**

Qualifications: LLB, B.Ec, Grad Dip Applied Corporate Governance

Advisor: Compliance and Corporate Governance.

Alexis Dodwell is a risk, compliance and corporate governance specialist, having worked for a number of Australia's unlisted and listed financial services companies. Her practical and commercial approach has proven to be valuable in a changing regulatory environment. With extensive project management experience, Mrs Dodwell is always focused on effective business planning and implementation. Mrs. Dodwell is passionate about property design and development, with a long family history in residential projects.



### 6.3 Interests and benefits

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in the Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

#### a. Interests of Advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Allens has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, up to \$120,000 (excluding disbursements and GST) for legal services up to the Prospectus Date, and may also pay up to an additional \$50,000 based on performance at its sole discretion;
- BDO Audit Pty Ltd is the appointed auditor of the company and has performed work in relation to the Investigating Accountant's report in Section 8. The Company has paid, or agreed to pay, approximately \$45,000 for these and other services up to the Prospectus Date. Further amounts may be paid to BDO Audit Pty Ltd and related entities at standard charge out rates;
- Thiel Partners is the Company's accountant and has performed work in relation to preparing the FY2015 accounts under time-based charges for approximately \$15,000 to the Prospectus Date; and
- Halifax has been appointed Lead Broker in relation to the Offer. Halifax has not underwritten any quantum of funds to be raised under the Offer. Halifax will also encourage other brokers to participate and work with them to promote the Offer. Upon Completion, the following fees will be paid by the Company to the Lead Broker:
  - a fee of up to 1% (plus GST) on all capital raised under the Offer; and
  - an additional fee of up to 4% (plus GST) on all capital raised directly from the Lead Broker's client base.

#### b. Interests of Directors

The Directors are expected to hold a direct or indirect interest in the following Shares on completion of the Offer<sup>1</sup>:

Director	Minimum Subscription		Maximum Subscription	
	Shares	% Shareholding	Shares	% Shareholding
Mr Jason Perkins	36,266,951 <sup>2 3</sup>	51.53%	36,266,951 <sup>2 3</sup>	44.03%
Mr Bertio Terpstra	5,000,000 <sup>4</sup>	7.10%	5,000,000 <sup>4</sup>	6.07%
Mr Michael Hazell	1,092,856 <sup>5</sup>	1.55%	1,092,856 <sup>5</sup>	1.33%
Mr David Fagan	548,570 <sup>6</sup>	0.78%	548,570 <sup>4 6</sup>	0.67%

Notes:

1. This assumes that Directors do not apply for further Shares under the Offer.
2. Mr Jason Perkins is the sole shareholder and director of Adabern Pty Ltd as trustee for the Podirsky Family Trust which holds 17,486,168 Shares and the sole director of Tilmanstone Projects Pty Ltd as trustee for the Tilmanstone Projects No. 3 Discretionary Trust which holds 18,780,783 Shares. Combined these holdings total 36,266,951 and Mr Perkins' beneficial shareholding is 23,852,836 Shares.
3. In addition to the Shares set out in the table above, Mr Jason Perkins is the sole director of Tilmanstone Projects Pty Ltd as trustee for the Tilmanstone Projects No. 3 Discretionary Trust which holds 12,500,000 Options. These Options are discussed further at item (d) Executive Director Remuneration below. If all Options were exercised and no other Shares were issued other than under the Offer, Mr Perkins would control 48,766,951 Shares which would reflect an interest of between 59.20% (Maximum Subscription) and 69.29% (Minimum Subscription).

4. Mr Bertio Terpstra is the sole shareholder and director of Sola Drive Pty Ltd as trustee for the Flut Terp Discretionary Trust which holds 4,929,062 Shares. Mr Bertio Terpstra holds 70,938 Shares in his personal name. Combined, these holdings total 5,000,000 Shares. Sola Drive Pty Ltd was issued Shares in 3 tranches. 620,706 were issued in July 2014, and they are non-forfeitable. 1,956,495 were issued on 30 June 2015, and they are forfeitable if no capital is raised by 30 June 2016. 2,351,861 were issued on 30 October 2015, and they are also forfeitable if no capital is raised by 30 June 2016. Further, this last tranche is forfeitable pro-rata over the 3 year term of Mr Terpstra's employment agreement, if his employment ceases.
5. Mr Michael Hazell is a shareholder and Director of Moesy Pty Ltd as trustee for Hazell Corp Superannuation Fund which holds 1,092,856 Shares.
6. Mr David Fagan is a shareholder and Director of Fagan Investments Pty Ltd as trustee for the Fagan Superannuation Fund which holds 548,570 Shares.

The Directors (and their associates) are entitled to apply for further Shares in the Offer. The Directors reserve their rights as at the date of this Prospectus as to whether they will participate in the Offer. Nothing in this Prospectus will be taken to preclude Directors, officers, employees or advisers of the Company from applying for Shares in the Offer on the same terms and conditions as offered pursuant to this Prospectus.

#### c. Advisory Committee Members' Interests in securities

Advisory Committee Member	Interest in Shares
Neil Thompson	0
Linda M. Koschier	0
Keith Mitchell	78,032
Greg Hull	371,242
Bob Beusekom	250,000
Helmut Pfeifhofer	2,278,287
Alexis Dodwell	0

Note: Helmut Pfeifhofer has interests in 1,773,445 Shares held through the Adabern Trust, plus 386,612 Shares in his personal name and 118,230 Shares held through Pfeifhofer Investments Pty Ltd.

#### d. Non-Executive Director Remuneration

Each of the Non-Executive Directors has entered into letters of appointment with the Company to serve as Directors. The total remuneration packages inclusive of superannuation benefits for the Non-Executive Directors are as follows:

Director (including associates)	Director fees (including superannuation per annum)
Mr David Fagan	\$60,000 <sup>1</sup>
Mr Michael Hazell	\$50,000 <sup>2</sup>

Non-Executive Director fees are determined within an aggregate fee pool limit. For financial year ended FY2016, and in respect of each financial year thereafter, and until otherwise determined by a resolution of the Shareholders, the maximum remuneration payable by the Company to the Non-Executive Directors for their services as Non-Executive Directors is limited to \$200,000 per annum (in total).

Notes:

1. Mr David Fagan is a shareholder and Director of Fagan Investments Pty Ltd as trustee for the Fagan Superannuation Fund. Shares were issued on the following dates as remuneration for services provided:
  - issue of 178,570 Shares at \$0.14 per Share on 30 October 2015 in satisfaction of services provided in preparation for the Offer between April 2015 and October 2015; and
  - issue of 120,000 Shares at \$0.25 per Share on 30 October 2015 in satisfaction of 50% of the Director fee payable to Mr David Fagan for the period of twelve months until 31 October 2016. See Section 4.9 note a, point d).
2. Mr Michael Hazell is a shareholder and Director of Moesy Pty Ltd as trustee for Hazell Corp Superannuation Fund. Shares were issued on the following dates as remuneration for services provided:
  - issue of 178,750 Shares at \$0.14 per Share on 30 October 2015 in satisfaction of services provided in preparation for the Offer between April 2015 and October 2015; and
  - issue of 200,000 Shares at \$0.25 per Share on 30 October 2015 in satisfaction of 100% of the Director fee payable to Mr Hazell for the period of twelve months until 31 October 2016. See Section 4.9 note a, point d).

#### e. Executive Director Remuneration

Each of the executive Directors has entered into an employment agreement with the Company which is conditional upon quotation of the Shares on ASX. Assuming that the condition is satisfied, the total annual remuneration packages inclusive of superannuation benefits for the executive Directors are as follows:

Executive Director (including associates)	Total annual remuneration packages (inclusive of superannuation)
Mr Jason Perkins	Salary of \$164,250 <sup>1</sup>
Mr Bertio Terpstra	Salary of \$164,250 <sup>2</sup>

The Directors consider that the total remuneration payable under the employment agreements are below market rates. The Board and senior management have elected to minimise the cash paid in salaries and Directors fees to preserve cash and to accept part payment in Shares and Options to better align their interests with other Shareholders.

Notes:

1. In addition to the annual cash salary set out in the table above, in October 2015 the Company issued Mr Jason Perkins (via related party Tilmanstone Projects Pty Ltd) with 6,000,000 conditional Options, each with an exercise price of \$0.25 and an expiry date of 30 October 2019. The Options will become exercisable in tranches of 2,000,000 on 30 October 2016, 30 October 2017 and 30 October 2018 if Mr Perkins remains employed by the Company on those dates. If Mr Perkins' employment is terminated by the Company before 30 October 2018 for reasons other than serious or wilful misconduct, the balance of his conditional Options not already exercisable will become exercisable on a pro rata basis. However, if Mr Perkins' employment is terminated at his election, or by reason of serious or wilful misconduct, the balance of his conditional Options not already exercisable will not become exercisable. The value of the conditional Options that may become exercisable annually by Mr Perkins equates to approximately \$90,000 on top of his cash salary; and
2. In addition to the annual cash salary set out in the table above, the Company has issued Mr Bertio Terpstra with 2,351,861 Shares as part of his employment arrangements. The Shares have been issued with forfeiture conditions attached, including a requirement for Mr Terpstra to serve the full three-year term of his employment agreement to retain all these Shares. In the event Mr Terpstra leaves the Company the Shares will be forfeited pro-rata to the remaining period of his three year employment term.

#### f. Employee equity plans

The Company currently does not have an employee equity scheme in place. If one were to be implemented in the future, it would have to be developed by the Remuneration and Nomination Committee and approved by the Board and the Shareholders.

#### g. Trac Group Consultants

Certain consultants have entered into consulting agreements with the Company to provide their services to the Company in connection with the business conducted by Trac Group. As at the date of this Prospectus, the total amount paid and payable to those consultants in connection with the business conducted by Trac Group are as follows:

Consultant	Nature of services provided	Consulting Fees <sup>1</sup>
MathMarketing	Marketing consulting and advisory services	\$11,000 <sup>2</sup>
Spectrum Analysis Australia Pty Ltd	Demographic mapping and target market advisory services	\$2,000 <sup>3</sup>
Consulting Hall (Australia) Pty Ltd	Public relations and marketing strategy consultancy services	\$2,500/month <sup>4</sup>

Notes:

1. Consulting fees are current as of the date of this Prospectus and exclude GST.
2. In addition to the one-off consulting fee set out above MathMarketing will be paid a \$5,000 per month retainer for 12 months subject to the Company listing on the ASX.
3. In addition to the one-off consulting fee set out in the table above, Spectrum Analysis Australia Pty Ltd was issued with 36,000 Shares in the Company on 30 October 2015 as part of the remuneration for its services.
4. In addition to the consulting fees set out in the table above, which will cease to be payable from January 2016, Consulting Hall (Australia) Pty Ltd, Consulting Hall Pty Ltd as trustee for the Hall Family Trust and its associates were issued with 165,320 Shares in the Company between June 2013 and October 2015 as part of the remuneration for Consulting Hall (Australia) Pty Ltd's services.

## 6.4 Escrow arrangements

ASX may, as a condition of granting the Company's application for official quotation of the Shares, require that certain securityholders enter into a restriction agreement with the Company under which the holder's right to dispose of or otherwise deal with some or all of their securities is restricted for a specified period. The restriction period can be up to 24 months from the date of quotation of the Shares on ASX. The Company currently expects that the following persons will be required to enter into escrow agreements:

Holder	No. of Shares subject to mandatory escrow	No. of Options	Expected escrow period/expiry date
Tilmanstone Projects Pty Ltd atf Tilmanstone Projects No. 3 Discretionary Trust (Jason Perkins)	18,778,635	12,500,000	24 months <sup>1</sup>
Adabern Pty Ltd atf Podirsky Family Trust (Jason Perkins)	17,484,050	-	24 months <sup>1</sup>
Sola Drive Pty Ltd atf Flut Terp Discretionary Trust (Bertio Terpstra)	4,929,062	-	24 months <sup>1</sup>
Moesy Pty Ltd atf Hazell Corp Superannuation Fund (Michael Hazell)	792,856	-	24 months <sup>1</sup>
Fagan Investments Pty Ltd atf Fagan Superannuation Fund (David Fagan)	408,570	-	24 months <sup>1</sup>
Consulting Hall (Australia) Pty Ltd	111,749	-	24 months <sup>1</sup>
Danielle Hall	17,857	-	24 months <sup>1</sup>
Marshall Hall	17,857	-	24 months <sup>1</sup>
Consulting Hall Pty Ltd at The Hall Family Trust	17,857	-	24 months <sup>1</sup>
Bertio Terpstra	70,938	-	24 months <sup>1</sup>
Spectrum Analysis Australia Pty Ltd	36,000	-	24 months <sup>1</sup>
Helmut Pfeifhofer	113,501	-	24 months <sup>1</sup>
Keith Mitchell	35,469	-	24 months <sup>1</sup>
Bob Beusekom	110,000	-	24 months <sup>1</sup>
Arcob LLC	62,857	-	30/04/2016
BLADS Pty Ltd atf BLADS Superannuation Fund	55,000	-	30/04/2016
Luuk Dijkhuis	130,284	-	30/04/2016
Marovi Holding BV	110,000	-	30/04/2016
Zac Mayhew	22,000	-	30/04/2016
Profin Pty Ltd atf CMS Superfund	110,000	-	30/04/2016
Gerard & Nathalie Reumer	220,000	-	30/04/2016
Torsten Scherl	220,000	-	30/04/2016
Jaap Schoufour	154,000	-	30/04/2016
Wim Terpstra	211,214	-	30/04/2016
Antonius Waals	110,075	-	30/04/2016
Boudewijn Daniel Zwager	110,000	-	30/04/2016
Diederik Frank Zwager	330,000	-	30/04/2016
Brody Grumley	19,486	-	22/06/2016
Proactive Developments No1 Pty Ltd	110,000	-	22/06/2016
Sipina Enterprises Pty Ltd	110,000	-	22/06/2016
Peter Gassner	110,000	-	16/09/2016

Note:

1. From the date of quotation of the Shares on ASX.

The escrow restrictions imposed by ASX may differ from those outlined above. In particular, ASX may decide that more or less Shares should be subject to escrow or that additional or fewer persons should be required to enter into escrow agreements.

## 6.5 Corporate governance

The Board is responsible for the corporate governance of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company. The Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, and its Directors, officers and employees operate in a framework for managing the Company including adopting relevant internal controls, risk management processes, and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking to list on ASX. The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations for Australian listed entities (**ASX Governance Recommendations**) in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Governance Recommendations are not prescriptive, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. As at the date of listing on ASX, the Company will have complied in most respects with the ASX Governance Recommendations. Full details of the Company's corporate governance framework will be included in the Company's first annual report following listing on the ASX.

### a. Board Charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- protect and optimise the Company's performance and build value for Shareholders;
- set, review and facilitate compliance with the Company's values and governance framework; and
- keep Shareholders informed of the Company's performance and major developments.

Matters which are specifically reserved for the Board or its committees include:

- appointment of the Managing Director and/or CEO;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of the CEO as directed by the Board. Management must supply the Board with information in a form and timeframe and of a quality that will enable the Board to discharge its duties effectively.

The Board collectively, and individual Directors, may seek independent professional advice at the Company's expense, subject to the approval of the Chairman or the Board as a whole.

### b. Performance Management

The Company will adopt a performance evaluation process in relation to the Board and its committees. The Remuneration and Nomination Committee will implement this formal process in relation to the performance of the Board and its Committees.

### c. Policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Governance Recommendations and is available on the Company's website.

#### i. Continuous Disclosure Policy

Once listed on ASX, the Company will need to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act to ensure the Company discloses to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. This policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations.

#### ii. Securities Trading Policy

This policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding the risk, and appearance, of insider trading.

The Company will also send you a free paper copy of any of the above policies should you request a copy during the Offer Period.

#### d. Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit and Risk Committee and the Remuneration and Nomination Committee.

The board has decided to have only two committees. The board has taken the decision to take on the responsibility for all other matters because of the small size of the Company.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

Under the Board's charter, Board committee performance evaluations will occur in accordance with any processes established by the Board.

#### i. Audit and Risk Management Committee

The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting systems, the systems of internal control and risk management and audit functions. In fulfilling these roles, the Audit and Risk Committee is responsible for maintaining effective communication between the Board, itself, management and auditors.

The Audit and Risk Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems to ensure that risks are identified assessed and appropriately managed.

The Audit and Risk Committee charter provides that the committee will consist of at least two Non-Executive Directors, a majority of whom are independent. The chair of the Committee shall be an independent Non-Executive Director who does not chair the Board.

The Audit and Risk Committee will meet as often as is required by the Audit and Risk Committee charter or other policy approved by the Board to govern the operations of the Audit and Risk Committee. The Audit and Risk Committee may seek advice from external advisers and invite the external auditor, any internal auditor, and any other Non-Executive Director, executive or employee of the Company and any other person to be present at the meetings of the Audit and Risk Committee. The Audit and Risk Committee will regularly report to the Board about committee activities issues and related recommendations.

The Committee currently comprises Michael Hazell (Chair) and David Fagan. The Board acknowledges ASX Recommendation 4.1 that a majority of the members of an audit committee should be independent directors. Each of Michael Hazell and David Fagan are independent, Non-Executive Directors.

The Board believes that the current members of the Committee are the most appropriate members of the Board to achieve its objectives (having regard to their experience and skills) and that each member will bring independent judgement to the Audit and Risk Committee's deliberations.

#### ii. Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and senior executives, and to ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives. The Remuneration and Nomination Committee is also responsible for reviewing and making recommendations in relation to the composition of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The Remuneration and Nomination Committee will meet as often as is required by the Remuneration and Nomination Committee Charter or other policy approved by the Board to govern the operation of the Remuneration and Nomination Committee. At each meeting, the Remuneration and Nomination Committee will consider whether any significant matters should be brought to the attention of the Board and the Remuneration and Nomination Committee will endeavour to raise these matters in a form and timeframe that assists the Board to discharge its duties effectively.

The Committee currently consists of Michael Hazell (Chair) and David Fagan. The Board acknowledges ASX Recommendation 8.1 that a majority of the members of a remuneration committee should be independent directors. The majority of the Directors on the Remuneration and Nomination Committee are classified as independent, Non-Executive Directors.

The Board believes that the current members of the Committee are the most appropriate to achieve its objectives (having regard to their experience and skills) and that each member will bring independent judgement to the Remuneration and Nomination Committee's deliberations.

## 6.6 Related party transactions prior to the Offer

Through his private companies, Tilmanstone Pty Ltd and Tilmanstone Projects Pty Ltd as trustee for Tilmanstone Projects No.3 Discretionary Trust, Jason Perkins has provided consultancy and other services to the Company and has made loans to the Company.

October 2015	In part as remuneration, and in part as a sign-on bonus, the Company issued 6,500,000 Options to Tilmanstone Projects Pty Ltd with a strike price of \$0.20. A further 6,000,000 Options with a strike price of \$0.25 were issued to the same entity, as part of Mr Perkins' employment arrangements. These 6,000,000 Options are subject to the conditions outlined in Section 9.3. All 12,500,000 Options expire on 30 October 2019 and are expected to be subject to escrow (see Section 6.4).
June 2015	The Company fully paid out a \$276,133 loan facility provided by Tilmanstone Pty Ltd.
May 2015	Tilmanstone Pty Ltd invoiced the Company for \$20,000 for consultancy services provided in the 2014-15 financial year, which was paid in cash prior to 1 July 2015.
July 2014	The Company issued 620,706 Shares to Tilmanstone Projects Pty Ltd in consideration of previous services. These Shares are expected to be subject to escrow (see Section 6.4).

Through his private company Sola Drive Pty Ltd, as trustee for Flut Terp Discretionary Trust, Bertio Terpstra has provided consultancy services to the Company and has made loans to the Company.

October 2015	The Company issued 2,351,861 Shares to Sola Drive Pty Ltd as part of Mr Terpstra's ongoing employment arrangements. These Shares are subject to forfeiture conditions in the event that the Company does not raise capital by 30 June 2016 and Mr Terpstra leaves the Company within three years (see Section 9.3). These Shares are expected to be subject to escrow (see Section 6.4).
June 2015	The Company issued 1,956,495 Shares to Sola Drive Pty Ltd in consideration for previous services valued at \$273,909. These Shares are subject to forfeiture conditions in the event that the Company does not raise capital by 30 June 2016 (see Section 9.3). These Shares are expected to be subject to escrow (see Section 6.4).
May 2015	Sola Drive Pty Ltd invoiced the Company for \$20,000 for consultancy services provided in the 2014-15 financial year, which was paid in cash prior to 1 July 2015.
July 2014	The Company issued 620,706 Shares to Sola Drive Pty Ltd in consideration for previous services. These Shares are expected to be subject to escrow (see Section 6.4).

On 14 November 2014 a Company subsidiary, Tractile Pty Ltd, entered into a lease with a trust associated with Jeffrey Worboys, a Director until 30 November 2015, for office premises for a term of three years until 13 November 2017 with rent of \$1,517 inclusive of GST payable per month. Tractile Pty Ltd may terminate the lease on three months' notice.

Mr David Fagan is a shareholder and Director of Fagan Investments Pty Ltd as trustee for the Fagan Superannuation Fund which holds 548,570 Shares. These Shares were issued on the following dates:

- purchase of 250,000 Shares at \$0.14 per Share on 30 April 2015 by David Fagan & Jane Fagan as the then trustees of the Fagan Superannuation Fund prior to his appointment as Non-Executive Director;
- issue of 178,570 Shares at \$0.14 per Share on 30 October 2015 in satisfaction of services provided in preparation for the Offer between April 2015 and October 2015; and
- issue of 120,000 Shares at \$0.25 per Share on 30 October 2015 in satisfaction of 50% of the Director fee payable to Mr David Fagan for the period of twelve months until 31 October 2016. See Section 4.9 note a, point d).



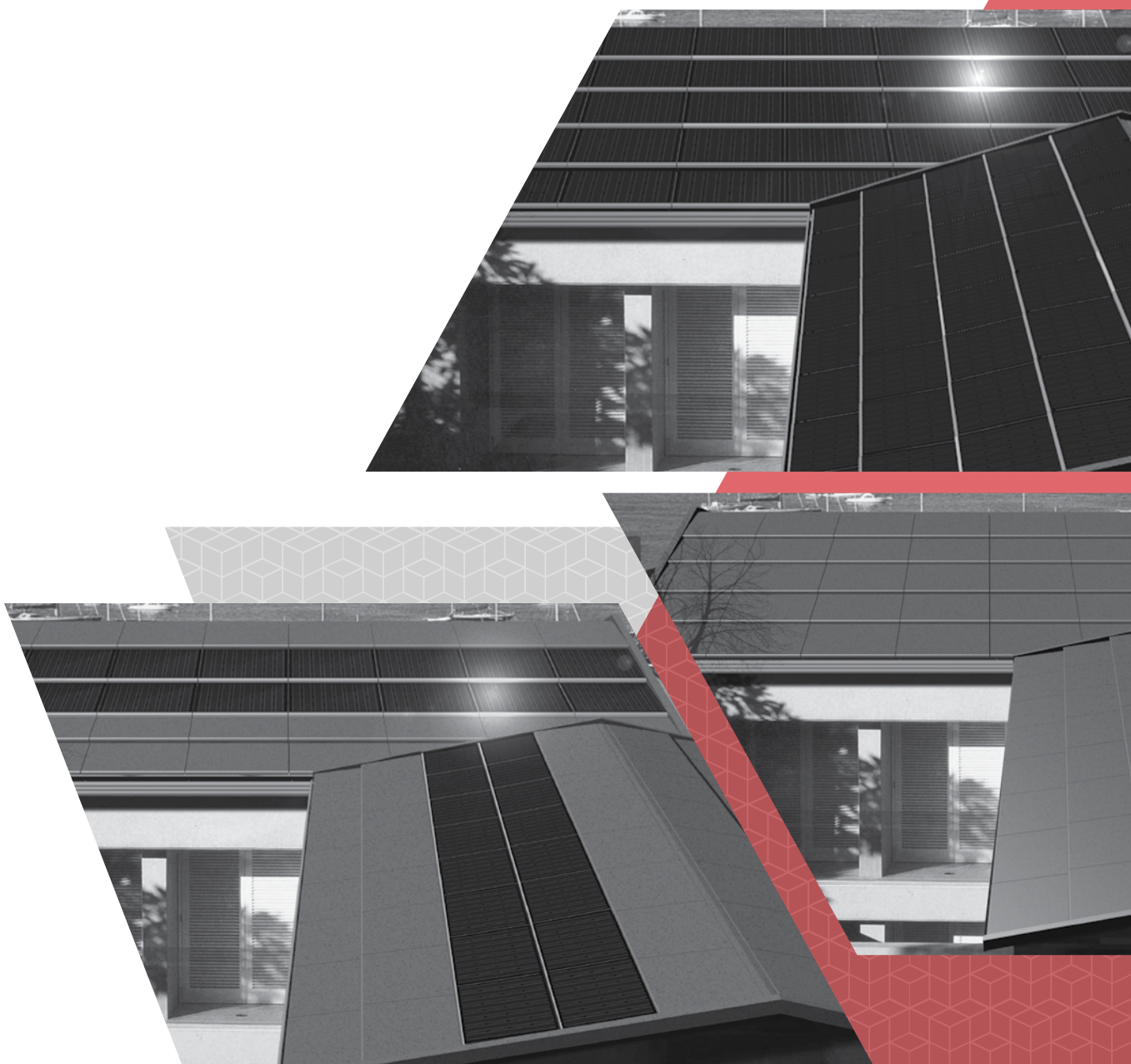
Mr Michael Hazell is a shareholder and Director of Moesy Pty Ltd as trustee for Hazell Corp Superannuation Fund which holds 1,092,856 Shares. These Shares were acquired on the following dates:

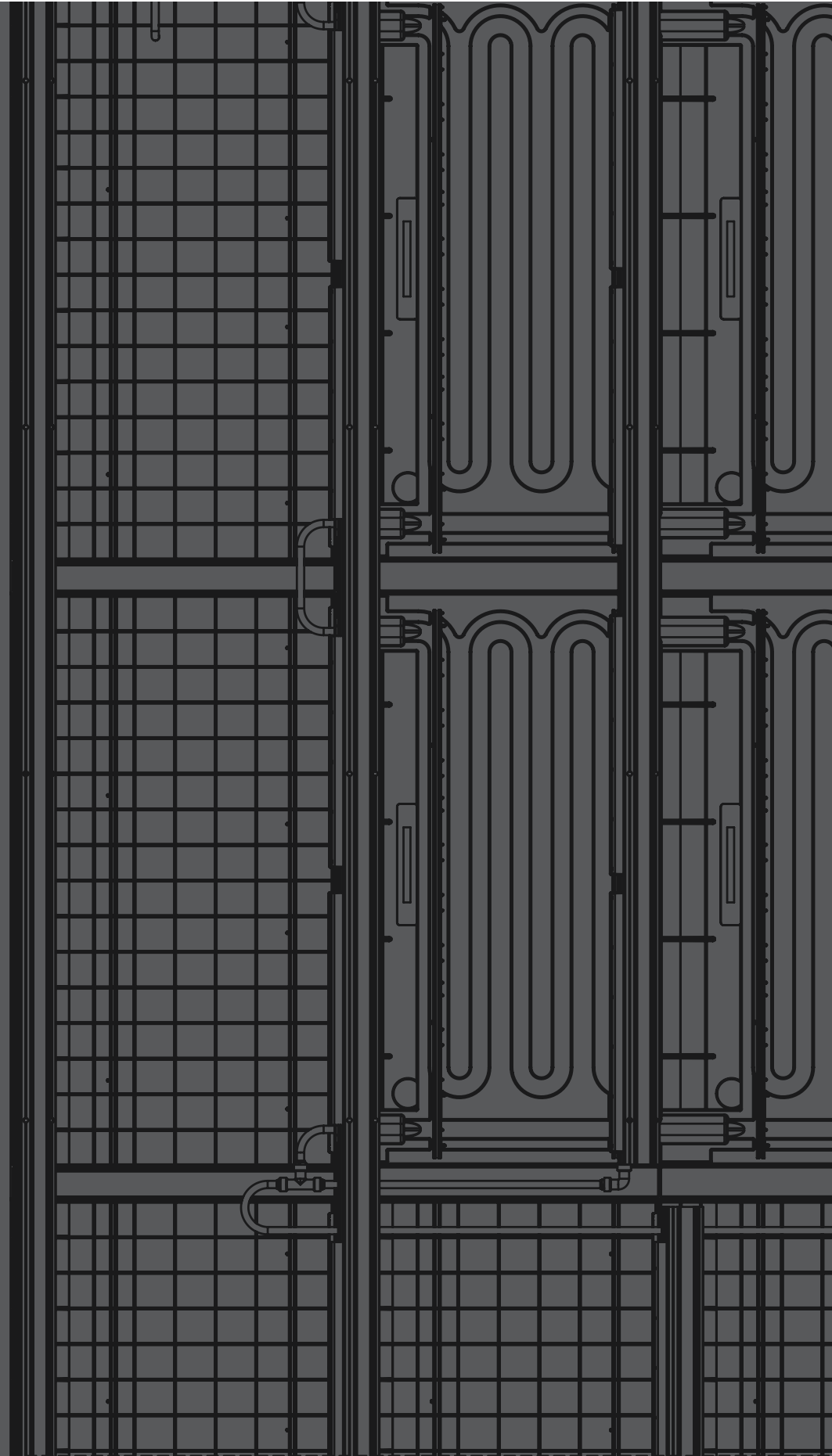
- purchase of 714,286 Shares at \$0.14 per Share on 30 April 2015 by Mr Michael Hazell prior to his appointment as Non-Executive Director;
- issue of 178,570 Shares at \$0.14 per Share on 30 October 2015 in satisfaction of services provided in preparation for the Offer between April 2015 and October 2015; and
- issue of 200,000 Shares at \$0.25 per Share on 30 October 2015 in satisfaction of 100% of the Director fee payable to Mr Hazell for the period of twelve months until 31 October 2016. See Section 4.9 note a, point d).

The Company has entered into an agreement with Halifax Investment Services Limited (a company related to former director Mr Worboys) the Lead Broker. The Lead Broker is responsible for promoting the Offer to its client base on a best endeavours non-held basis. The Lead Broker will also encourage other brokers to participate and work with them to promote the Offer.

Upon Completion, the following fees will be paid by the Company to the Lead Broker:

- a fee of up to 1% (plus GST) to the Lead Broker, on all capital raised under the Offer; and
- an additional fee of up to 4% (plus GST) on all capital raised directly from the Lead Broker's client base.





## 7. Details of the Offer

# Details of the Offer

Some of these expenses may be required to be met before the Minimum Subscription level is reached. A loan facility has been provided by Tilmanstone Pty Ltd (a related entity of Jason Perkins, see Section 9.3). The proceeds of the Offer will be applied to repay this loan and any interest.

## 7.1 The Offer

The Offer is an initial public offering of up to 26,000,000 Shares at a price of \$0.25 per Share.

The minimum amount to be raised under the Offer is \$3,500,000 (before deductions of fees and costs of the Offer). The maximum amount to be raised under the Offer is \$6,500,000 (before deduction of fees and costs of the Offer).

All Shares will be issued at the Offer Price and will rank equally with each other and previously issued Shares at the Prospectus Date. The Shares are fully paid ordinary shares. A summary of the rights and liabilities attached to the Shares is set out in Section 7.8.

This Offer is not underwritten.

## 7.2 Purpose of the Offer and use of proceeds

The Company has detailed its proposed use of the proceeds at Section 3.

### a. What are the expected proceeds of the Offer

The funds raised will be applied first towards meeting the expenses of the Offer, which are expected to be approximately \$602,594 at the Minimum Subscription and approximately \$755,594 at the Maximum Subscription. The net proceeds of the Offer are expected to be between \$2,897,406 (Minimum Subscription) and \$5,744,406 (Maximum Subscription).

A breakdown of the expected costs of the Offer is set out below:

Expense	Minimum Subscription \$3,500,000		Maximum Subscription \$6,500,000	
	AUD	Percentage	AUD	Percentage
Accounting	\$60,000	9.96%	\$60,000	7.94%
Investigating Accountant costs (including FY2015 audit)	\$45,000	7.47%	\$45,000	5.96%
Legals <sup>1</sup>	\$170,000	28.21%	\$170,000	22.50%
Prospectus and associated Offer promotional costs	\$80,000	13.28%	\$80,000	10.59%
ASX Listing Fees	\$72,594	12.05%	\$75,594	10.00%
Broker Commissions 5% <sup>2</sup>	\$175,000	29.04%	\$325,000	43.01%
<b>Totals</b>	<b>\$602,594</b>	<b>100.00%</b>	<b>\$755,594</b>	<b>100.00%</b>

<sup>1</sup> The legal costs set out above include a \$50,000 discretionary bonus - see Section 6.3(a).

<sup>2</sup> Upon Completion, the Company will pay the following brokerage fees:

- a fee of up to 1% to the Lead Broker on all capital raised under the Offer (plus GST); and
- an additional fee of up to 4% to any broker (including the Lead Broker) on all capital raised (plus GST) directly from that broker's client base.

#### b. How does the Company propose to use the proceeds

The proposed use of the proceeds of the Offer are detailed in Section 3. If only the Minimum Subscription is reached, the Company will focus its activities on growth within the Australian market. The Board's intention is to put any funds in excess of the Minimum Subscription towards planning and implementing international expansion.

The use of further equity funding or share placements will be considered by the Board where it is appropriate to accelerate a specific project, transaction or expansion.

It is possible that future transactions that may be contemplated may exceed the current projected financial resources of the Company and it is expected that these transactions would be funded by project finance and/or equity issues (subject to required Shareholder approvals).

#### c. Will the Company be adequately funded after Completion?

The Directors are satisfied that on Completion, the Company will have sufficient working capital at the Minimum Subscription level to carry out its stated objectives in relation to the Australian markets, and also more widely in relation to international markets, at the Maximum Subscription level.

#### d. What is the Company's dividend policy?

The policy of the Company will be to invest all cash flow into the business in order to maximise its growth. Accordingly, the Board expects that no dividends will be payable in the short to medium term following the Company's listing on the ASX. The Board will review the policy annually and announce to the market the result of the review.

### 7.3 Minimum Subscription

The Minimum Subscription required for the Offer to proceed is \$3,500,000. If the Minimum Subscription is not obtained within six months after the Prospectus Date, the Company will repay all Application Monies received without interest as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Monies in full without interest.

### 7.4 How do I apply under the Offer

#### a. Completing and returning your Application

##### i. What is the Minimum Application under the Offer?

Applications must be for a minimum of 8,000 Shares (i.e. \$2,000).

There is no maximum amount that may be applied for under the Offer. The Company reserves the right to aggregate any Applications which it believes may be multiple Applications from the same person.

The Company reserves the right to reject any Applications or to allocate a lesser number of Shares than that which is applied for.

The allocation of Shares will be determined by the Directors.

##### ii. How to apply and pay for Shares

#### Applying for Shares under the General Public Offer

To participate in the Offer, you must complete the Application Form attached to, or accompanying this Prospectus or complete your Application online and make a BPAY® payment as described online via [www.tractileipo.com.au](http://www.tractileipo.com.au). Alternatively, where the Company elects to use ASX Bookbuild or OnMarket, you may apply through your broker or OnMarket (as applicable).

The Application Form contains detailed instructions on how to complete the form. You must apply for a minimum of \$2,000 worth of Shares and in incremental multiples of \$500 after that.

#### Apply ONLINE and pay by BPAY®

If you are applying online, you must complete your online Application by following the instructions and by making a BPAY® payment. If you apply using a paper copy of the Application Form, you cannot pay for Shares using BPAY®. Instead you must pay by cheque, bank draft or money order.

Using the BPAY® details provided when you complete your online Application, you need to:

1. access your participating BPAY® financial institution either through telephone banking or internet banking;
2. select BPAY® and follow the prompts;
3. enter the biller code supplied;
4. enter the unique Customer Reference Number supplied for each Application;
5. enter the total amount to be paid which corresponds to the number of Shares you wish to apply for under each Application (i.e. a minimum of \$2,000 and incremental multiples of \$500 after that). Note that your financial institution may apply limits on your use of BPAY®. You should enquire about the limits that apply in your own personal situation;

6. select the account you wish your payment to be made from;
7. schedule your payment. Note that Applications without payment cannot be accepted; and
8. record your BPAY® receipt number and date paid. Retain these details for your records.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. You will need to check with your financial institution in relation to their BPAY® closing times to ensure that your Application Monies will be received by 5.00pm (AEDT) on the Closing Date. If you do not pay the Application Monies, your Application will be incomplete and not be accepted.

If you complete your Application by making a BPAY® payment, you do not need to complete or return the paper Application Form. By completing a BPAY® payment, you acknowledge you are applying pursuant to the Application Form.

#### Apply by Post and pay by Cheque, Bank Draft or Money Order

If you do not wish to pay by BPAY® a paper Application Form must be completed in accordance with its accompanying instructions. Once completed, please lodge your Application Form and Application Monies so that they are received at the following address by 5.00pm AEDT on the Closing Date.

#### By mail to:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne Victoria 3001

Cheque(s), or bank draft(s) or money orders must be:

- a. in Australian currency;
- b. drawn at an Australian branch of a financial institution;
- c. crossed "Not Negotiable"; and
- d. made payable: to "Trac Group Holdings Ltd IPO A/C".

If paying by cheque(s), Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

#### ASX Bookbuild

The Company may at its discretion elect to use ASX Bookbuild, the capital raising facility operated by ASX.

If Trac Group decides to use the ASX Bookbuild Facility, eligible retail and wholesale investors will be able to apply for Shares via their broker. To participate, an Applicant must have in place a 'once-off' ASX Bookbuild client agreement with their broker (please contact your broker for further information). Where an Applicant receives an allocation of Shares as a result of a bid entered on their behalf via ASX Bookbuild, the Applicant is obliged to subscribe for the number of shares allocated to them.

See Section 7.7 for details about how the Company will announce its intention to use the facility, key parameters and additional information.

#### OnMarket Application process

The Company may at its discretion elect to permit applications through OnMarket. If you are applying for Shares through OnMarket, you must join 'OnMarket' via [www.onmarketbookbuilds.com](http://www.onmarketbookbuilds.com) or via the OnMarket app (which can be downloaded from the AppStore or Google Play) and complete your details in the investment profile section.

If you have a broker and would like the Shares to be allocated to your broking account, please provide your Holder Identification Number (HIN) and ensure that the details are the same as those appearing on your CHESS statement. If you do not have a broker, you may bid into the Offer via OnMarket and you will be issued with a Shareholder Reference Number (SRN).

Prior to applying for the Shares, you will be asked to agree to the terms of the Offer which will confirm that you have read the Prospectus.

On the 'Offers' panel of the OnMarket website or app, select 'Bid' and agree to the Terms of the Offer. Enter the value of Shares that you wish to apply for. You will then be required to confirm your bid. You will be required to pay for the Shares through BPAY® or Payment Express. Once your payment is cleared, your application is complete. You will be notified by email or SMS (depending on your notification preferences) upon successful allocation.

Your allocation statement will be made available for download in your OnMarket 'Bid History'. If you used an investment profile with a valid HIN, your CHESS Holding Statement will be posted to you after settlement. If you used an investment profile without a valid HIN, a SRN will be issued and your Issuer Sponsored Holding Statement will be posted to you by Computershare.

#### **b. Fees, costs and timing for Applications**

##### **i. When does the Offer open?**

The Offer is expected to open for Applications at 9.00am AEDT on 25 December 2015.

##### **ii. What is the deadline to submit an Application under the Offer?**

It is your responsibility to ensure that your Application Form and Application Monies are received by the Share Registry before 5.00pm AEDT on the Closing Date for the Offer which is expected to be 23 February 2016 (unless closed early or extended).

##### **iii. Is there any brokerage, commission or stamp duty payable by the Applicants?**

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.

##### **iv. What are the tax implications of investing in the Shares?**

The tax consequences of any investment in Shares will depend on your personal circumstances. Prospective investors should obtain their own tax advice before deciding to invest.

##### **v. What are the costs of the Offer and who is paying them?**

The costs of the Offer include legal, accounting and other costs associated with the production of this Prospectus and the Offer. At the time of the production of this Prospectus, the costs payable by the Company are estimated to be \$602,594 on the Minimum Subscription and \$755,594 if fully subscribed to the Maximum Subscription level. The Company will pay these costs from the proceeds of the Offer.

#### **c. Confirmation of your Application and trading on ASX**

##### **i. When will I know if my Application has been successful?**

Holding statements confirming the Applicant's allocation under the Offer are expected to be sent to successful Applicants on or around 26 February 2016 (unless the Offer Period is extended, in which case the date will also be extended).

##### **ii. When will I receive my Shares and when can I trade my Shares?**

Subject to ASX granting approval for the Company to be admitted to the Official List, the Company will issue Shares to successful Applicants as soon as practicable after the Closing Date.

Trading of the Shares on ASX is expected to commence on or around 3 March 2016 on a normal settlement basis (unless the Offer Period is extended, in which case this date will also be extended).

If you sell your Shares before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from the Offer Information Line.

##### **iii. Who do I contact if I have further queries during the Offer period?**

If you have queries about investing under the Offer, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

If you have queries about how to apply under the Offer or would like additional copies of the Prospectus, please call the Offer Information Line on 1300 407 610 (Overseas +613 9415 4393).

## **7.5 Terms and Conditions of the Offer**

#### **a. What rights and liabilities attach to the Shares being offered?**

All Shares issued under the Offer will rank equally in all respects with each other. The rights attaching to Shares are described in Section 7.8 or 7.9 if put OnMarket detail in 7.8.

#### **b. Is the Offer underwritten?**

This Offer is not underwritten.

#### **c. What is the allocation policy applicable to the Offer?**

The Board of Directors of the Company has absolute discretion regarding the allocation of Shares under the Offer (if any).

#### **d. Can the Offer be withdrawn?**

The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded without interest.



The Company also reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than applied for. The Minimum Subscription may be allotted and Shares issued with the Offer remaining open or extended to enable receipt of further Applications.

#### e. Who can apply?

The Offer is open to residents of Australia or others to whom an Offer under this Prospectus may lawfully be made.

### 7.6 ASX listing, registers and holding statement, and deferred settlement trading

#### a. Application to ASX for listing and quotation of Shares

The Company applied for admission to the Official List of ASX and quotation of Shares on ASX (under the code TRC) within 7 days of the Prospectus Date. Completion is conditional on ASX approving this application. If approval is not given within three months after the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the official list is not to be taken as an indication of the merits of Trac Group or the Shares offered for subscription.

#### b. CHESS and issuer sponsored holdings

The Company applied to participate in CHESS, in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become CHESS approved securities, holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. A CHESS participant, or a person sponsored by a CHESS participant, will have their Shares registered on the CHESS sub register. All other Shares will be registered on the issuer sponsored sub-register.

Following allotment, successful Applicants will be sent an initial holding statement that sets out the number of Shares that have been issued or transferred to them under the Offer. This holding statement will also provide details of a Holder Identification Number (HIN) or, where applicable, the Security holder Reference Number (SRN) of issuer sponsored holders. It is expected that holding statements will be dispatched in the standard post in accordance with the key dates at the start of this Prospectus. Successful Applicants will subsequently receive a statement showing any changes to their holding. Share certificates will not be issued.

#### c. Selling Shares on market

It is the responsibility of the Applicants to determine their allocation prior to trading in Shares. Applicants trading in Shares prior to receiving a holding statement do so at their own risk. The Company disclaims all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise.

Shares are expected to commence trading on ASX on a normal basis in accordance with the key dates at the start of this Prospectus.

### 7.7 ASX Bookbuild

ASX Bookbuild is an automated on-market bookbuild facility operated by ASX and is part of ASX Trade, ASX's ultra-low latency cash market trading platform.

The Company may at its discretion elect to use the ASX Bookbuild facility. If this decision is taken, information about the facility (including the ASX Bookbuild code, key parameters, the identity of the technical lead manager and other information) will be announced to the market at least 1 day prior to the facility being opened for bids. The announcement will be made via the ASX Market Announcement Platform under the Company's reserved ASX Code, TRC.

Additional information about ASX Bookbuild can be found on the ASX website.

### 7.8 Description of Shares

#### a. Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.



A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Shareholders. The summary assumes that the Company is admitted to the Official List of the ASX.

#### b. Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each Share held.

#### c. Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

#### d. Dividends

The Directors of the Company do not anticipate paying a dividend in the short to medium term.

In the future, the availability of distributable earnings, the Company's franking credit position, operating results, available cash flows, retained earnings, investment opportunities, financial conditions and any other factors the Directors may consider relevant, will affect the Company's ability to pay an interim or a final dividend.

The ability to pay a dividend will also depend on a number of factors including the risk factors set out in Section 5, some of which are beyond the Company's and the Directors' control.

#### e. Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted in the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

#### f. Issue of further shares

Subject to the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Company may issue, or grant options in respect of, or otherwise dispose of further shares on such terms and conditions as the Directors resolve.

#### g. Winding up

If the Company is wound up, then subject to the Constitution and any special resolution or preferential rights or restrictions attached to a class of shares, any surplus must be divided among the Company's members in the proportions which the amount paid and payable (including amounts credited) on the shares of a member is of the total amount paid and payable (including amounts credited) on the shares of all members of the Company.

#### h. Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

#### i. Share buybacks

Subject to the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, the Company may buy back shares in itself on terms and at times determined by the Board.

#### j. Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

#### k. Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and not more than eight or any lesser number determined by the Board from time to time. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any Managing Director) retires at each annual general meeting of the Company. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

#### l. Directors – shareholding

Each Non-Executive Director will be required to hold Shares (subject to the Company being listed on ASX). In summary, this shareholding is to be equal to the amount of remuneration paid to that Non-Executive Director in the first year of their appointment.

#### m. Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote.

#### n. Directors – remuneration

See Section 6.3 for a description of the remuneration arrangements for the Directors.

#### o. Directors – retirement allowance

Subject to the Corporations Act and the ASX Listing Rules, the Constitution provides that the Company may pay, provide or make a payment, pension, retiring allowance or other benefit to a Director.

#### p. Directors – indemnities

The Company, to the extent permitted by law, indemnifies each Director against any liability incurred by that person as an officer of the Company, and legal costs incurred by that person in defending an action for a liability of that person. The Company, to the extent permitted by law, may make a payment (whether by way of advance or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person.

The Company, to the extent permitted by law, may pay or agree to pay, a premium for a contract insuring a Director against any liability incurred by that person as an officer of the Company and legal costs incurred by that person in defending an action for a liability of that person.

The Company, to the extent permitted by law, may enter into an agreement or deed with a Director or a person who is, or has been, an officer of the Company, under which the Company must do all of the following:

- keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
- indemnify that person against any liability incurred by that person as an officer of the Company and legal costs incurred by that person in defending an action for a liability of that person;
- make a payment (whether by way of advance, loan or otherwise) to that person in respect of legal costs incurred by that person in defending an action for a liability of that person; and
- keep that person insured in respect of any act or omission by that person while a Director or an officer of the Company on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

The Company has entered into Deeds with each Director relating to access to documents, indemnification of the Director, payments for legal costs and insurance on terms customary for ASX listed companies.

#### q. Proportional Takeover Approval

The Constitution includes a specific provision that addresses proportional takeover approval. This provides, in summary, that the Company can prohibit the registration of a transfer of shares resulting from a proportional takeover bid unless Shareholders in general meeting vote on a resolution to approve the bid.

#### r. Amendment

The Constitution may be amended only by special resolution passed by at least three-quarters of the Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

The Company must give at least 28 days written notice of a general meeting of the Company.

## 7.9 Ownership restrictions

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section contains a general description of these laws.

### a. Corporations Act

The Takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

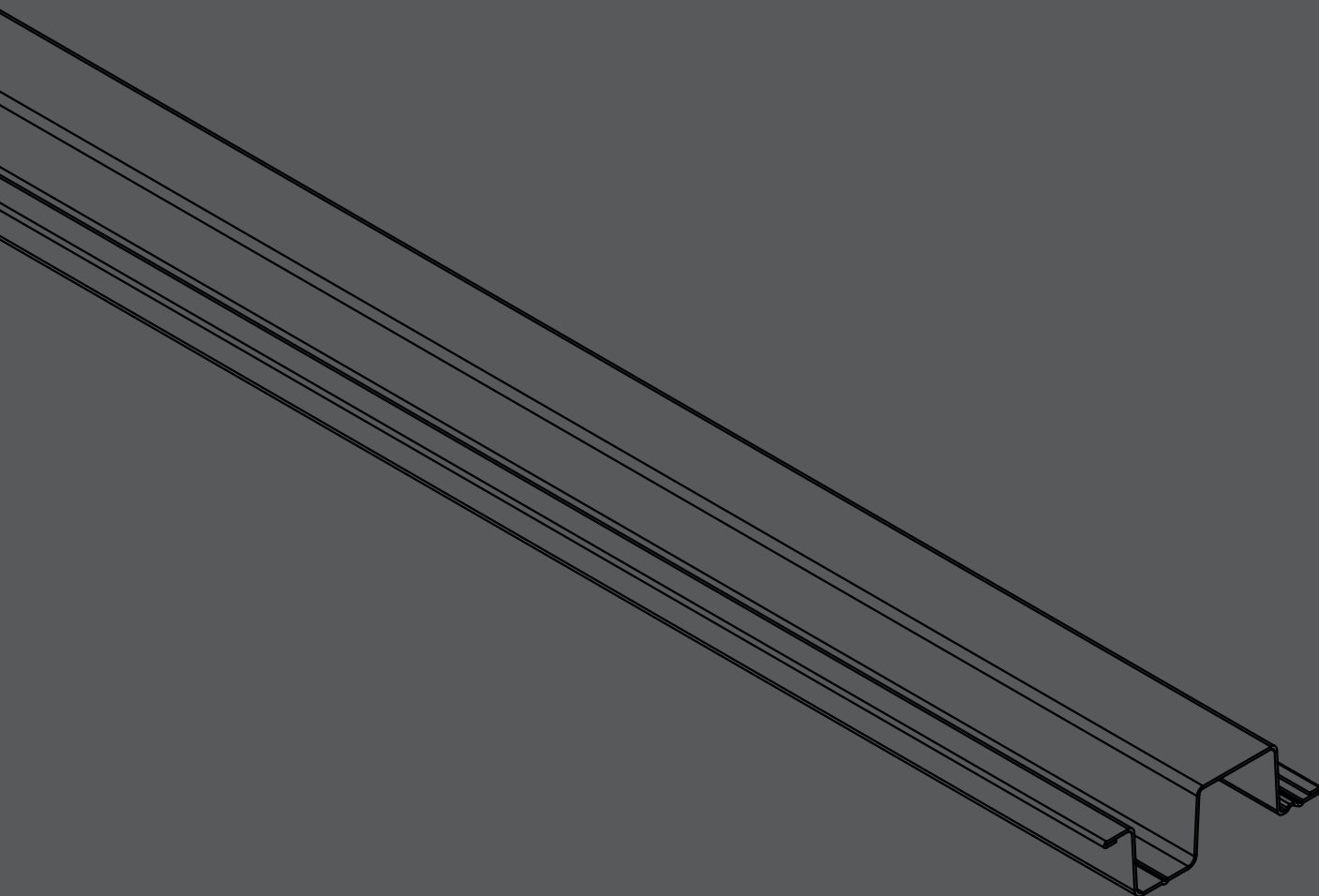
The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

### b. Foreign Acquisition and Takeovers Act

From 1 December 2015, the Foreign Acquisitions and Takeovers Act applies to acquisitions of shares and voting power in a Company of 20% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest).

Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.





## 8. Investigating Accountant's Report

# Investigating Accountant's Report



Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
www.bdo.com.au

Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

The Directors  
Trac Group Holdings Ltd  
Level 49  
Governor Phillip Tower  
49 Farrer Place  
Sydney NSW 2000

22 December 2015

Dear Directors

## **INDEPENDENT LIMITED ASSURANCE REPORT ON TRAC GROUP HOLDINGS LTD AND ITS RELATED BODY CORPORATE 30 JUNE 2015 HISTORICAL AND PRO-FORMA FINANCIAL INFORMATION**

### **Introduction**

We have been engaged by Trac Group Holdings Ltd and its related body corporate ("Trac Group") to report on the historical financial information and pro-forma financial information of Trac Group as at 30 June 2015 for inclusion in the public document dated on or about 22 December 2015 relating to the issue of between 14 million and 26 million shares.

Expressions and terms defined in the public document have the same meaning in this report.

### **Scope**

#### *Historical financial information*

You have requested BDO Audit Pty Ltd to review the Trac Group historical statement of financial position at 30 June 2015, statement of profit or loss and other comprehensive income for the year ended 30 June 2015 and statement of cash flow for the year ended 30 June 2015 hereafter referred to as "the historical financial information" included in section 4 of the public document.

The statement of profit or loss and other comprehensive income for the year ended 30 June 2014 and the statement of cash flows for the year ended 30 June 2014 included in section 4.5 are extracted from the audited financial statements of Trac Group for the year ended 30 June 2014. These have not been reviewed by BDO and are excluded from the scope of this independent limited assurance report.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the companies adopted accounting policies.

The historical financial information has been extracted from the consolidated financial report of Trac Group for the year ended 30 June 2015 which was audited by BDO Audit Pty Ltd in accordance with Australian Auditing Standards. BDO Audit Pty Ltd issued an unmodified audit opinion with an emphasis of matter on going concern for the year ended 30 June 2015.



The historical financial information as at and for the year ended 30 June 2015 is presented in the public document in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

#### *Pro-forma financial information*

You have requested BDO Audit Pty Ltd to review the pro-forma statement of financial position (pro-forma financial information of Trac Group) as at 30 June 2015, included in the public document. Hereafter referred to as “the pro-forma financial information”.

The pro-forma financial information has been derived from the statement of financial position at 30 June 2015 included in the historical financial information of Trac Group, after adjusting for the effects of pro-forma adjustments described in section 4.3 of the public document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro-forma adjustments relate, as described in section 4.3 of the public document, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the pro-forma financial information does not represent Trac Group actual or prospective financial position.

#### **Directors’ responsibility**

The directors of Trac Group are responsible for the preparation of the historical financial information and pro forma financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma financial information that are free from material misstatement, whether due to fraud or error.

#### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

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



## Conclusions

### *Historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the 2015 historical financial information, as described in sections 4.2, 4.4 and 4.5 of the public document, and comprising the Trac Group historical statement of financial position at 30 June 2015, statement of profit or loss and other comprehensive income for the year ended 30 June 2015 and statement of cash flow for the year ended 30 June 2015 are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.1 of the document.

### *Pro-forma financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro-forma financial information, as described in sections 4.3 and 4.4 of the public document, comprising the pro-forma statement of financial position as at 30 June 2015 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 4.1 of the public document.

### **Restriction on use**

Without modifying our conclusions, we draw attention to the Important Notices section of the public document, which describes the purpose of the financial information, being for inclusion in the public document. As a result, the financial information may not be suitable for use for another purpose.

### **Consent**

BDO Audit Pty Ltd has consented to the inclusion of this independent limited assurance report in the public document in the form and context in which it is included.

### **Liability**

The liability of BDO Audit Pty Ltd is limited to the inclusion of this report in the public document. BDO Audit Pty Ltd makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the public document.

### **General advice warning**

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





#### **Independence or Disclosure of Interest**

BDO Audit Pty Ltd does not have any interest in the outcome of the offer, or any other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. BDO Audit Pty Ltd will receive normal professional fees for the preparation of this report.

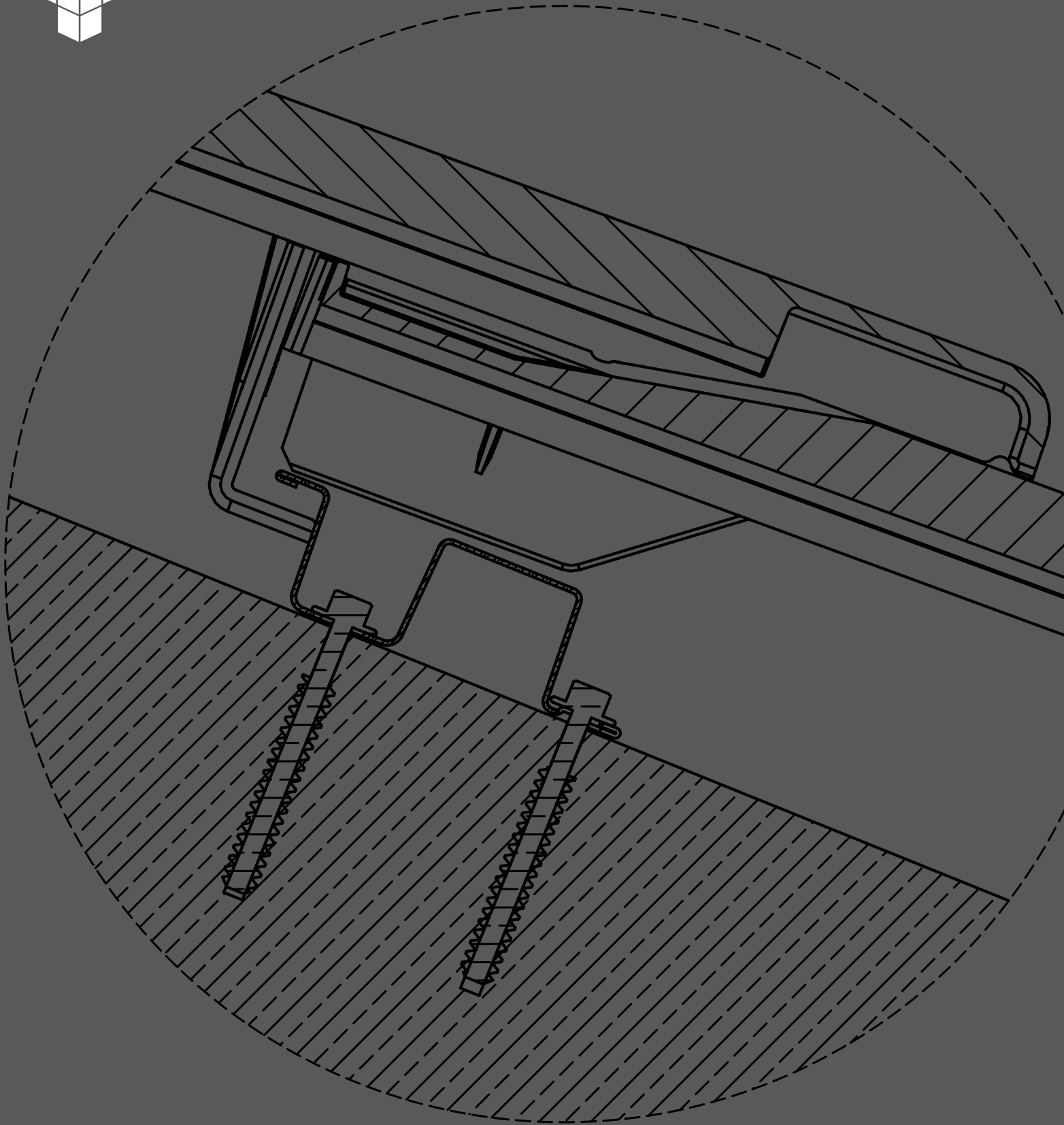
BDO Audit Pty Ltd is the current auditor of Trac Group and conducted the 30 June 2015 audit of Trac Group. From time to time BDO Audit Pty Ltd and related entity's provide Trac Group with certain other professional services for which normal professional fees are received.

#### **BDO Audit Pty Ltd**

D P Wright

Director

Brisbane, 22 December 2015



## 9. Additional Information

# Additional Information

## 9.1 Registration

The Company was registered in Queensland on 28 June 2005 as a proprietary company and was converted to a public company on 7 November 2014.

## 9.2 Company tax status and financial year

The Company will be taxed in Australia as a public company. The financial year of the Company ends on 30 June annually.

## 9.3 Other material contracts

The Directors consider that there are a number of contracts which are significant or material to the Company or of such a nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. Summaries of material contracts set out in this Prospectus (including those set out below) do not purport to be complete and are qualified by the text of the contracts themselves.

Material Contract	Summary
<b>Loan Agreement</b> <b>Parties:</b> <b>Trac Group Holdings Ltd</b> <b>Tilmanstone Pty Ltd</b> <b>Dated: 22 December 2015</b>	<p>The Company has entered into an agreement with Tilmanstone Pty Ltd pursuant to which Tilmanstone Pty Ltd has agreed to provide the Company with a loan facility to meet its short-term funding requirements in relation to expenditure for the Offer.</p> <p><b>Key Terms</b></p> <ul style="list-style-type: none"> <li>▪ Tilmanstone Pty Ltd will loan the Company up to \$100,000.00 to be drawn down by the Company on or after 28 December 2015.</li> <li>▪ The Company is required to repay the balance (principal and interest) on or before 28 June 2016.</li> <li>▪ The Company may only use funds provided by Tilmanstone Pty Ltd pursuant to the Loan Agreement for approved expenditure agreed between the parties and specifically invoices in respect of the costs of conducting the Offer.</li> </ul> <p><b>Interest Rate</b></p> <p>10% per annum, calculated daily on the balance of the principal amount outstanding, increasing to 15% per annum in the event of default.</p> <p><b>Security</b></p> <p>Tilmanstone Pty Ltd will not take security over the assets of the Company, except in the event of default in which case Tilmanstone Pty Ltd may take security over the assets of the Company until the loan is repaid in full.</p> <p>However, the Company has agreed to the repayment of Tilmanstone Pty Ltd in priority to other creditors, this priority being limited solely to the proceeds of the Offer or, in the event that the Minimum Subscription Level is not reached, the proceeds of:</p> <ul style="list-style-type: none"> <li>▪ any refund from ASX, ASX Bookbuild, or CMC Capital;</li> <li>▪ the sale of stock;</li> <li>▪ any future refinancing; and/or</li> <li>▪ any future issue of equity.</li> </ul>

---

**Shareholders' Agreement in Tractile Malaysia Sdn Bhd**
**Parties:**

Trac Group Holdings Ltd  
Pipeco Sdn Bhd  
Tractile Malaysia Sdn Bhd

**Dated: 12 August 2015**

The Company has entered into an agreement with Pipeco and Tractile Malaysia pursuant to which the parties have agreed to regulate their rights and obligations as members of Tractile Malaysia.

**Put and Call Options**

The Company has an option to purchase 100% of the shares in Tractile Malaysia held by Pipeco for a price of MYR 866,708.28, being an amount equal to the payments made by Pipeco in respect of plant and equipment less an allowance for depreciation, unless otherwise agreed by the Company and Pipeco in writing (**Call Option**). The Company may only exercise the Call Option if the Company has listed on the ASX and the option is exercised within 12 months of the listing date, unless otherwise agreed by the Company and Pipeco.

If the listing is successful, the Company intends to exercise the Call Option and acquire 100% of the shares in Tractile Malaysia held by Pipeco.

Pipeco has an option to require the Company to purchase 100% of the shares in Tractile Malaysia held by Pipeco for a price of MYR 866,708.28 (unless otherwise agreed by the Company and Pipeco in writing) (**Put Option**). Pipeco may only exercise the Put Option if the Company has listed on the ASX and the option is exercised on a date that is at least 6 months after the listing date, but not more than 12 months after the listing date, unless otherwise agreed by the Company and Pipeco.

**Other Agreements**

The parties have also agreed to enter into the following additional written agreements:

- a licence agreement pursuant to which the Company grants Tractile Malaysia a limited license to use and sub-license the Company's intellectual property rights; and
- a manufacturing services agreement pursuant to which Pipeco agrees to manufacture the Tractile Products as required by and exclusively for Tractile Malaysia.

As at the Prospectus Date, these agreements have not yet been documented formally, pending the Offer and likely exercise of the Call Option or Put Option.

---

**Accredited 360 Storage Agreement**
**Parties:**

Tractile Pty Ltd  
Solar 360 Pty Ltd

**Dated: 30 October 2015**

Under this agreement, Tractile Pty Ltd is appointed to sell and install the 360Storage range of products and related accessories until 30 October 2016. Tractile Pty Ltd is initially appointed as a preliminary dealer and, unless advised otherwise, will become a full dealer on 1 July 2016. There is no territory limitation or exclusivity on Tractile Pty Ltd's appointment.

The agreement will be extended for a further period of 1 year on each anniversary of the Commencement Date unless terminated by 3 months written notice.

Tractile Pty Ltd has access to the 360Storage sizing tool, marketing and sales tools, and training and other support systems from Solar360.

Solar360 grants Tractile Pty Ltd access to its line of energy storages, solar panels and associated products, all of which are supported by manufacturers' warranties.

Under the agreement, Tractile Pty Ltd indemnifies Solar360 from and against all loss, damage or liability suffered and legal fees and costs incurred by Solar360 resulting from certain acts or omissions by Tractile Pty Ltd, its employees contractors or customers. Solar360 indemnifies Tractile Pty Ltd from and against all loss, damage or liability suffered and legal fees and costs incurred by Tractile Pty Ltd resulting from any act, neglect or default of Solar360.

---

**Lead Broker Agreement**
**Parties:**

Trac Group Holdings Ltd  
Halifax Investment  
Services Limited

**Dated: 2 December 2015**

The Company has entered into an agreement with the Lead Broker pursuant to which the Lead Broker is responsible for promoting the Offer to its client base on a best endeavours non-held basis. Upon Completion, the Company will pay the Lead Broker the following brokerage fees:

- a fee of up to 1% (plus GST) on all capital raised under the Offer; and
  - a fee of up to 4% (plus GST) on all capital raised directly from the Lead Broker's client base.
-

---

**CEO Agreement**
**Parties:**

**Trac Group Holdings Ltd**  
**Jason Perkins**

**Dated: 30 November 2015**

The Company has entered into an employment contract with Jason Perkins to govern his employment with the Company. Jason Perkins is employed in the position of CEO and Managing Director of the Company.

Jason Perkins will, from the date on which the shares in the Company are first quoted on the ASX, be entitled to receive total fixed remuneration (including superannuation) of \$164,250 per annum. The agreement expires after 3 years from the date on which Shares are first quoted on ASX, unless terminated earlier.

In addition to the total fixed remuneration set out above, the Company has issued Mr Jason Perkins (via related party Tilmanstone Projects Pty Ltd) with 6,000,000 conditional Options, each with an exercise price of \$0.25 and an expiry date of 30 October 2019. The Options will become exercisable in tranches of 2,000,000 on 30 October 2016, 30 October 2017 and 30 October 2018 if Mr Perkins remains employed by the Company on those dates. If Mr Perkins' employment is terminated by the Company before 30 October 2018 for reasons other than serious, wilful or persistent misconduct, the balance of his conditional Options not already exercisable will become exercisable on a pro rata basis. However, if Mr Perkins' employment is terminated at his election, or by reason of serious or wilful misconduct, the balance of his conditional Options not already exercisable will not become exercisable. The value of the conditional Options that may become exercisable annually to Mr Perkins equates to approximately \$90,000 on top of his cash salary.

Jason Perkins may also be eligible to participate in any STIP or LTIP that the Company may from time to time introduce. Mr Perkins' participation in any incentive plan will be governed by the rules of the applicable STIP or LTIP. There are not currently any STIP or LTIP arrangements in place.

Jason Perkins' employment agreement may be terminated by the Company or Jason Perkins by giving at least six months' notice in writing of such termination or, alternatively, in the Company's case, payment in lieu of notice. The Company may terminate Jason Perkins' employment without notice or payment in lieu of notice in circumstances where Jason is guilty of serious, wilful or persistent misconduct. In those circumstances, Jason will only be paid out his accrued entitlements.

Upon termination of Jason Perkins' employment agreement, Jason will be subject to a restraint of trade period of 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

Details of Jason Perkins' expected escrow arrangements are set out in Section 6.4.

---

**Executive Director Agreement**
**Parties:**

**Trac Group Holdings Ltd**  
**Bertio Terpstra**

**Dated: 30 November 2015**

The Company has entered into an employment contract with Bertio Terpstra to govern his employment with the Company. Bertio Terpstra is employed in the position of Executive Director of the Company.

Bertio Terpstra will, from the date on which the shares in the Company are first quoted on the ASX, be entitled to receive total fixed remuneration (including superannuation) of \$164,250 per annum. The agreement expires after 3 years from the date on which Shares are first quoted on ASX, unless terminated earlier.

Bertio Terpstra may also be eligible to participate in any STIP or LTIP that the Company may from time to time introduce. Mr Terpstra's participation in any incentive plan will be governed by the rules of the applicable STIP or LTIP. There are not currently any STIP or LTIP arrangements in place.

Bertio Terpstra's employment agreement may be terminated by the Company or Bertio Terpstra by giving at least six months' notice in writing of such termination or, alternatively, in the Company's case, payment in lieu of notice. The Company may terminate Bertio Terpstra's employment without notice or payment in lieu of notice in circumstances where Bertio is guilty of serious, wilful or persistent misconduct. In those circumstances, Bertio will only be paid out his accrued entitlements.

Upon termination of Bertio Terpstra's employment agreement, Bertio will be subject to a restraint of trade period of 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

Details of Bertio Terpstra's expected escrow arrangements are set out in Section 6.4.

Separately from this agreement, Bertio Terpstra was also issued 2,351,861 shares which are forfeitable pro rata if his employment ceases within 3 years (see Section 6.3(d)).

---

## 9.4 Litigation and claims

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or government prosecutions of a material nature in which Trac Group is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of Trac Group.

## 9.5 Consents

Each of the parties below (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement which is made in this Prospectus is based, other than as specified below:

- Allens;
- BDO Audit Pty Ltd;
- Mr Bob Beusekom;
- Computershare Investor Services Pty Limited;
- Consulting Hall (Australia) Pty Ltd;
- Dr Keith Mitchell;
- Dr Neil Thompson;
- Dr Linda Koschier;
- Halifax Investment Services Limited;
- MathMarketing Pty Ltd;
- Mr Helmut Pfeifhofer;
- Mr Jonathan Burgess
- Mr Greg Hull;
- Mr Philip Thomas;
- Mrs Alexis Dodwell;
- Spectrum Analysis Pty Ltd; and
- Thiel Partners Pty Ltd.

## 9.6 Australian taxation considerations

The taxation consequences of an investment in the Company depend upon the investor's particular circumstances. Investors should make their own enquiries about the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

This Section provides a general outline of Australian tax issues for Australian tax resident Shareholders and non-Australian tax resident Shareholders that hold Shares in the Company on capital account for Australian income tax purposes. The comments do not apply to Shareholders who hold the Shares on revenue account or as trading shares. They also do not apply to Shareholders that are companies, banks, insurance companies, or taxpayers that carry on a business of trading in shares or that are subject to the Taxation of Financial Arrangement rules contained in Division 230 of the *Income Tax Assessment Act 1997* (Cth).

This summary is general in nature and is not exhaustive of all income tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of that Shareholder.

Shareholders should consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

Tax law is complex and subject to ongoing change. This summary is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the tax authority at the time of issue of this Prospectus.

The tax consequences discussed in this summary do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications will depend upon each Shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act and is confined to taxation issues and is only one of the matters you need to consider when making a decision about your investments. You should consider taking advice from a licenced adviser, before making an investment decision.

The Company and its advisers disclaim all liability to any Shareholder or other party for all costs, losses, damages and liabilities that the Shareholder or other party may suffer or incur arising from or relating to or in any way connected with the contents of this summary or the provision of this summary to the Shareholder or any other party or the reliance on it by the Shareholder or any other party.

#### **a. Repatriation of dividends from foreign subsidiaries.**

Under Australian tax law, the Company will be required to treat any dividend received from a foreign subsidiary as exempt non-assessable income.

In the event that such income is then used to fund the payment of a dividend by the Company to its Shareholders, it is likely such a dividend will be unfranked given that no Australian tax will have been paid in relation to the earlier dividend receipt from its foreign subsidiary.

The effect of receiving an unfranked dividend is that Australian resident individual Shareholders will be liable to income tax at marginal rates without any franking relief. Non-resident Shareholders would be liable to dividend withholding tax in respect of any unfranked portion of a dividend paid from an Australian resident Company and then liable to tax in their country of residence.

#### **b. Income tax treatment of dividends received for Australian resident Shareholders**

If an Australian tax resident Shareholder receives a dividend from Trac Group, the cash dividend will be included in the Shareholder's assessable income. To the extent that the Company 'franks' the dividend, the franking credit attached to the dividend should generally also be included in the Shareholder's assessable income.

Where the franking credit is included in the Australian tax resident Shareholder's assessable income, the Australian tax resident Shareholder should generally be entitled to a corresponding tax offset against tax payable by the Shareholder. The tax offset can be applied to reduce the tax payable on the Australian tax resident Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Australian tax resident Shareholder's taxable income, the Shareholder may be entitled to a tax refund.

To be eligible for the franking credit and tax offset, an Australian tax resident Shareholder must satisfy the 'holding period' rule and 'related payments' rule. This requires that a Shareholder hold the Shares 'at risk' for a period of not less than 45 days (not including the date of acquisition or the date of disposal). In addition, an Australian tax resident Shareholder must not be obliged to make a 'related payment' in respect of any dividend, unless they hold the Shares at risk for the required holding period around all dividend dates.

Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

The holding period rule should not apply to a Shareholder who is an individual whose tax offset entitlement (for all franked distributions received in the income year) does not exceed \$5,000 for the income year in which the franked dividend is received. However, this exemption does not apply to a dividend which is subject to the related payments rule.

The Government has made changes that may apply to deny franking tax offsets to certain 'dividend washing' arrangements. Shareholders should have regard to these changes in considering the tax implications of their personal circumstances.

#### **c. Income tax treatment of dividends received for Non-Australian tax resident Shareholders**

Dividends paid by the Company on a Share to a non-Australian tax resident Shareholder may be subject to dividend withholding tax.

If franked dividends are paid to a non-Australian tax resident Shareholder, no dividend withholding tax is required to be withheld. Where unfranked dividends are paid to a non-Australian tax resident Shareholder, the Company will generally be required to withhold tax from the payment of the dividend under the withholding tax rules. If unfranked dividends are declared to include amounts of conduit foreign income, no dividend withholding tax is required to be withheld. No further Australian tax liability arises for non-Australian tax resident Shareholders to the extent that the dividend is franked, declared as conduit foreign income, or subject to dividend withholding tax.

Non-Australian tax resident Shareholders should seek their own independent tax advice as the above comments are general in nature, and any tax liability may vary depending on the Shareholder's individual circumstances.

#### **d. Capital Gains Tax implications for Australian resident Shareholders**

Where an Australian resident Shareholder holds their Shares in the Company on capital account, the disposal of the Shares should be taxed under the Capital Gains Tax (CGT) rules.



For CGT purposes, the Australian tax resident Shareholder will make a capital gain where the capital proceeds received for the disposal of their Shares exceeds the CGT cost base of their Shares. Similarly, the Australian tax resident Shareholder will make a capital loss where the capital proceeds received for their Shares is less than the reduced cost base of their Shares.

In broad terms, the cost base and reduced cost base of the Shares should be equal to the amount paid to acquire the Shares. Certain other costs associated with holding the Shares, such as incidental costs of acquisition and disposal, may be added to the cost base and reduced cost base.

Generally, all capital gains and losses made by an Australian tax resident Shareholder for an income year will be aggregated to determine whether the Shareholder has made a net capital gain or a net capital loss for the year. A net capital gain is included in the Australian tax resident Shareholder's assessable income whereas a net capital loss is carried forward and may be available to set off against capital gains of later years. Capital losses cannot be offset against other assessable income.

If an Australian tax resident Shareholder is an individual, complying superannuation entity or trust, and has held the Shares for 12 months or more before disposal of the Shares, the Shareholder will prima facie be entitled to a 'CGT discount' for any capital gain made on the disposal of the Shares. Capital gains may be discounted by half in the case of individuals and trusts, and by one-third in the case of complying superannuation entities. Shareholders that are companies are not entitled to a CGT discount.

Capital losses must be applied first to reduce a capital gain before applying the discount.

Where the Australian tax resident Shareholder is a trustee of a trust that has held the Shares for 12 months or more before disposal, the CGT discount may flow through to the beneficiaries of that trust if those beneficiaries are not companies. Trustee Shareholders should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

#### e. Capital Gains Tax implications for Non-Australian tax resident Shareholders

Where a non-Australian tax resident Shareholder (and any associates) holds less than 10% of the Shares, any capital gain made on disposal of the Shares will be exempt from CGT, unless the Shares are an asset of an Australian situated permanent establishment of a non-Australian tax resident Shareholder.

A non-Australian tax resident Shareholder (and any associates) holding at least 10% of the voting entitlements in the Company will only be liable to tax where more than 50% of the value of the Company's assets is attributable to Australian real property. Where this is not the case, any capital gain made on disposal of the Shares will be exempt from CGT.

The CGT rules will vary depending on the Shareholder's individual circumstances and non-Australian tax resident Shareholders should seek their own professional advice when disposing of their Shares.

#### f. Tax File Numbers

An Australian tax resident Shareholder is not required to quote their Tax File Number (TFN), or if applicable, Australian Business Number (ABN) to the Company. However, if an Australian tax resident Shareholder's TFN, ABN or exemption details are not provided, Australian tax may be required to be deducted by Trac Group from distributions and/or unfranked dividends at the maximum marginal tax rate plus the Medicare levy. An exemption from this requirement to withhold applies in respect of a fully franked dividend paid by Trac Group.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN.

#### g. Goods and Services Tax implications

Goods and Services Tax (GST) should not be payable by Shareholders for the acquisition or disposal of their Shares in the Company, regardless of whether or not the Shareholder is registered for GST.

The extent to which each Shareholder is entitled to recover any GST incurred on costs relating to the acquisition or disposal of Shares in the Company will depend on the individual circumstances of each Shareholder.

GST should not be payable by Shareholders on receiving dividends distributed by the Company.

#### h. Stamp duty

Australian stamp duty should not be payable by Shareholders in respect of the Offer or their acquisition or disposal of their Shares in the Company whilst it is a listed company. Shareholders should obtain their own independent advice depending on their individual circumstances.

## 9.7 Privacy

The Company and the Share Registry on its behalf, collect, hold and use your personal information to process your application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Once you have become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's Shareholder register. This information must continue to be included in the Company's Shareholder register even if you cease to be a Shareholder. If you do not provide all the information requested in the Application Form, your Application Form may not be able to be processed.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including the following: the Share Registry for ongoing administration of the Shareholder register; printers and other companies for the purpose of preparation and administration of documents and for handling mail; market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

The Share Registry may disclose your personal information to its related bodies corporate and to other individuals or companies who assist it in supplying their services or who perform functions on their behalf, to issuers for whom they maintain securities registers or to third parties upon direction by the issuer where related to the issuers administration of the security holding, or where you have otherwise agreed they may disclose it. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America.

You may request access to your personal information held by the Share Registry on behalf of the Company, by contacting the Share Registry. You will generally be provided access to your personal information (subject to some exceptions permitted by law), but you may be required to pay a reasonable charge to the Share Registry for access. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

If you have any concerns or queries about the way your personal information is managed by the Company, please contact the Company by phone on 13000TRAC (1300 008722) by email to [info@tracile.com.au](mailto:info@tracile.com.au) or write to the Privacy Officer, Trac Group Holdings Limited, Level 49 Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000. Trac Group Holdings Limited's privacy policy is available on its website. The privacy policy contains information about how you can gain access to or seek correction of personal information that the Company holds about you. It also contains information about how you may make a privacy complaint and how the Company will deal with it.

## 9.8 Contract summaries

Summaries of contracts set out in this Prospectus are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

## 9.9 Photographs and diagrams

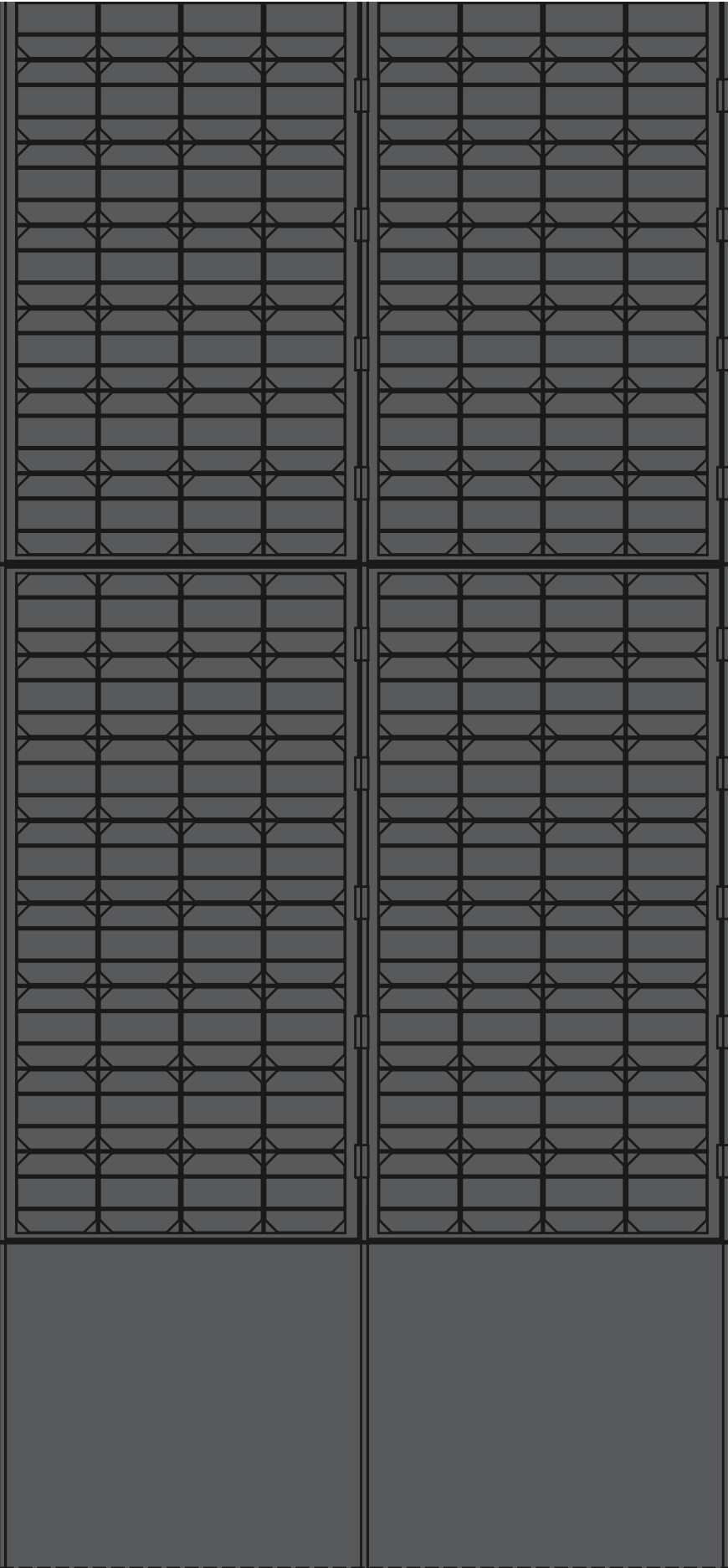
Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Trac Group. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts and tables is based on information available at the Prospectus Date.

## 9.10 Governing law

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in Queensland, and each Applicant submits to the exclusive jurisdiction of the courts of Queensland.

## 9.11 Statement of Directors

The issue of this Prospectus has been authorised by each Director. Each Director has consented to lodgement of the Prospectus and issue of the Prospectus and has not withdrawn that consent.



## 10. Glossary

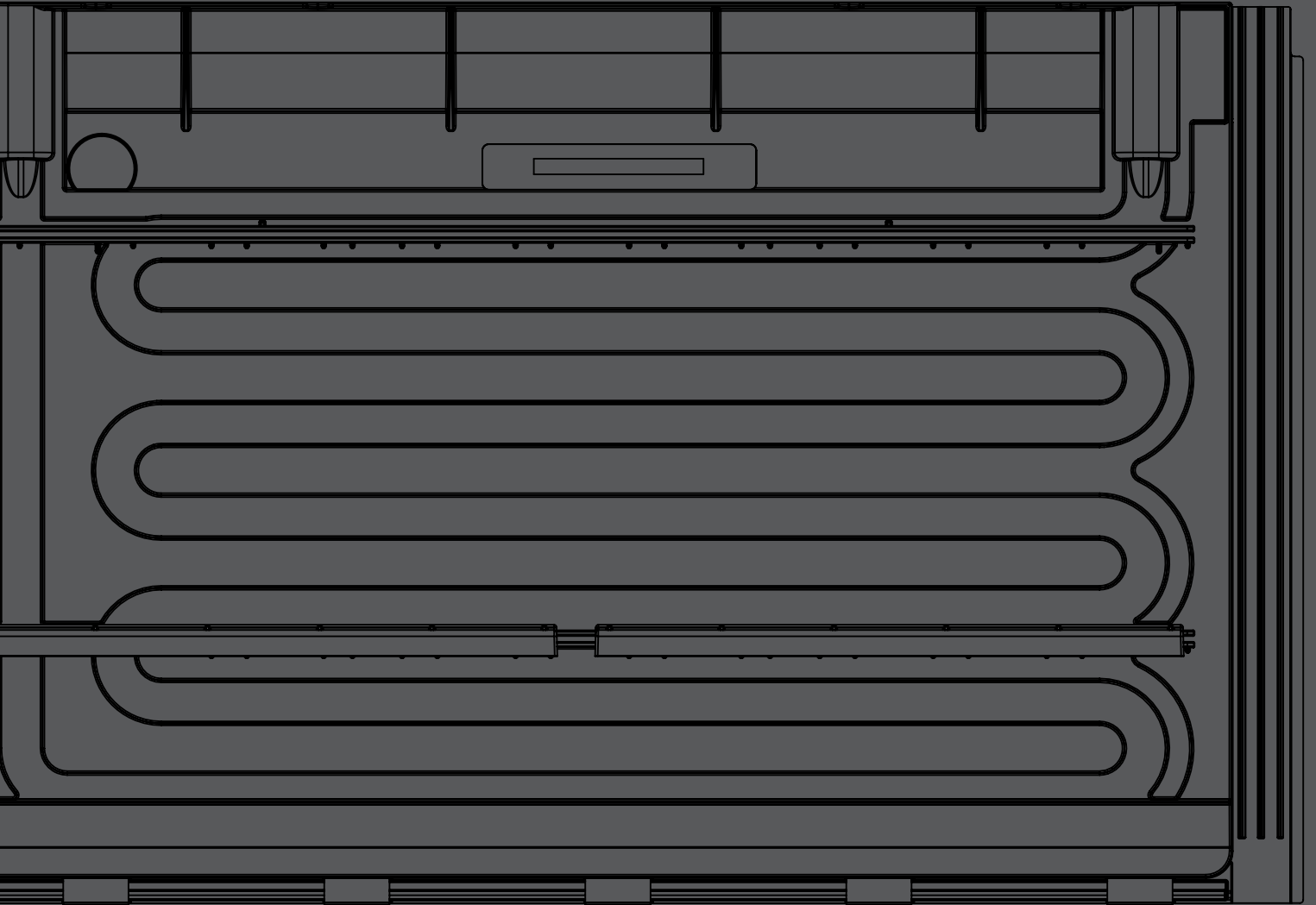
# Glossary

## In this Prospectus:

AASB	Australian Accounting Standards Board.
Advisory Committee	A group of professionals with diverse backgrounds to provide technical advice and assistance to support upon request the Board in decision making.
AEDT	Australian Eastern Daylight Time.
Allens	Allens is a law firm with offices throughout Australia and legal adviser to the Company.
Applicant	A person who submits a valid Application Form and required Application Monies pursuant to this Prospectus.
Application	An application for Shares under this Prospectus.
Application Form	The application form attached to or accompanying or provided with this Prospectus for investors to apply for Shares under the Offer (including the electronic form provided by an online application facility), or such other application form as the Directors may accept.
Application Monies	The monies payable on each Application, calculated as the number of Shares applied for multiplied by the Offer Price.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the market it operates, as the context requires.
ASX Bookbuild	The automated on-market bookbuild facility operated by ASX.
ASX Listing Rules	The official Listing Rules of ASX as amended or waived from time to time.
ASX Settlement Operating Rules	The up-to-date ASX Settlement Operating Rules that can be found on the ASX website on the following page: <a href="http://www.asx.com.au/regulation/rules/asx-settlement-operating-rules.htm">http://www.asx.com.au/regulation/rules/asx-settlement-operating-rules.htm</a>
ASX Trade	ASX's ultra-low latency cash market trading platform.
ATO	Australian Taxation Office.
AUD	Australian Dollars.
Australian Accounting Standards	Australian Accounting Standards or other authoritative pronouncements issued by AASB.
Australian Standards	Standards published by SAI Global Limited setting out specifications and procedures designed to ensure products, services, and systems are safe, reliable and consistently perform as they are intended to.
BAL 40	Bushfire Attack Level 40, the highest possible bushfire rating for residential buildings in bush fire zones.
BIPV	Building-integrated Photovoltaic.
BIPV-T	Building-integrated Photovoltaic-Thermal.
Board or Board of Directors	Some or all of the directors of the Company, acting as a board.
Business Day	Has the meaning given in the ASX Listing Rules.
CEO	Chief Executive Officer.

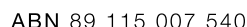
Certification	Product certifications as provided by an approved certifier registered within an Australian or international jurisdiction.
CGT	Capital Gains Tax.
CHES	Clearing House Electronic Sub-register System operated in accordance with the Corporations Act.
Closing Date	The date that the Offer closes, which is 23 February 2016 (unless the Offer is extended, in which case the date will be extended).
CNC or Computer Numerically Control	When the functions and motions of a machine tool are controlled by a coded program.
Company	Trac Group Holdings Limited, ACN 115 007 540.
Completion	The completion of the Offer, being the latest date on which Shares are issued to successful Applicants in accordance with the terms of the Offer.
Consenting Party	Has the meaning given in Section 9.5.
Constitution	The constitution of the Company as amended from time to time.
Corporate Governance Principles	The corporate governance principles and recommendations of the ASX Corporate Governance Council as at the Prospectus Date.
Corporations Act	The <i>Corporations Act 2001</i> (Cth) as amended.
Directors	The directors of the Company as at the Prospectus Date.
Existing Owners	The owners of the Existing Shares at the Prospectus Date being Jason Perkins and others.
Existing Shares	All Shares on issue in the Company immediately prior to the Prospectus Date.
Expiry Date	The date that is 13 months after the Prospectus Date, after which no securities will be issued on the basis of the Prospectus.
Exposure Period	The seven day period after the date of lodgement of the Prospectus with ASIC (as extended by ASIC (if applicable)).
Financial Information	The Pro-Forma Financial Information and Historical Financial Information.
GDP	Gross Domestic Product, is a measure of the size of an economy.
Glossary	This glossary.
GST	Goods and services tax.
GW or Gigawatt	A gigawatt is equal to one billion watts or 1000 megawatts. This unit is often used for large power plants or power grids.
Historical Financial Information	The historical financial information contained in the Company's audited financial statements including those for FY2015 and described as such in Section 4.
IEC	International Electrotechnical Commission.
Investigating Accountant	BDO Audit Pty Ltd, ABN 33 134 022 870.
IP Australia	The Australian Government agency that administers intellectual property rights and legislation.
KW or Kilowatt	The kilowatt is equal to one thousand watts. In Photovoltaics this unit is typically used to express the capacity of a solar array.
Lead Broker	Halifax Investment Services Limited, ABN 52 096 980 522.
LTIP	Long Term Incentive Plan.
MathMarketing	Mathmarketing Pty Ltd, ABN 14 563 955 163.
Maximum Subscription	\$6,500,000 (Six Million Five Hundred Thousand Australian Dollars).
Minimum Subscription	\$3,500,000 (Three Million Five Hundred Thousand Australian Dollars).
MW or Megawatt	The megawatt is equal to one million watts. In Photovoltaics this unit is typically used to describe the output of large-scale solar arrays.
MWp or Megawatt Peak	Megawatt Peak (MWp), a measure in megawatts of the nominal power of a Photovoltaic solar energy device under laboratory illumination conditions.
MWth or Megawatt Thermal	Megawatt Thermal (MWth) is a unit of heat-supply capacity used to measure the potential output from a heating plant. It is typically used to measure the output of large scale heating plants.
MYR	Malaysian Ringgit.
Non-Executive Director	A member of the Board of Directors who does not form part of the Company's management.
Offer	The offer of Shares under this Prospectus.

Offer Period	The period during which investors may subscribe for Shares under the Offer.
Offer Price	The price payable per Share under the Offer, being \$0.25 per Share.
Official List	The official list of entities that ASX has admitted and not removed.
OnMarket	A free-access portal into capital raisings conducted by On-Market Bookbuilds Pty Ltd (AFS Licence No. 421 535).
Options	Options provide the right but not an obligation to buy or sell a Share at a predetermined price at a particular time in the future.
Original Prospectus	The Prospectus for the issue of Shares to raise up to \$6,500,000, dated 10 December 2015.
Pre-Completion Interest	Means the interest in the Existing Shares held by an Existing Owner.
Pro-Forma Financial Information	The pro-forma financial information described as Pro-Forma Financial Information set out in Section 4.
Pipeco	Pipeco Sdn Bhd (Company number 128355-X).
Property Cycle	A property cycle is a sequence of recurrent events reflected in demographic, economic and emotional factors that affect supply and demand for property subsequently influencing the property market.
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document.
Prospectus or Replacement Prospectus	This replacement prospectus dated 23 December 2015 issued by the Company.
Prospectus Date	The date of on which a copy of the Original Prospectus was lodged with ASIC, being 10 December 2015.
PV or Photovoltaic	Photovoltaic (PV) is the name of a method of converting solar energy into direct current electricity using semiconducting materials. A Photovoltaic system employs solar panels composed of a number of solar cells to supply usable solar power.
PV-T	PV-T stands for Photovoltaic-Thermal. These devices generate both electricity and thermal heat.
RIPV-T	Roof Integrated Photovoltaic and Thermal (RIPV-T) systems create electricity and hot water using solar energy.
Section	A section of this Prospectus.
SEIFA	Socio-Economic Indexes For Areas.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	Computershare Investor Services Pty Limited, ABN 48 078 279 277.
Shareholder	A registered holder of a Share.
Shareholders Agreement	The agreement between the Company and Pipeco dated 15 August 2015 relating to Tractile Malaysia Sdn Bhd.
Solar360	Solar 360 Pty Ltd, ACN 147 163 488.
Standard IEC Test Conditions	The test conditions defined by IEC and updated from time to time, as specified in standards such as IEC 61215 and IEC 61646.
STIP	Short Term Incentive Plan.
Thermo tiles	Tractile™ Solar Thermal hot water tiles designed to absorb solar irradiation into a circulating fluid to provide heated water.
Trac Group	The business described in this Prospectus, or when the context requires, the group of companies holding that business as illustrated in Section 3.
Tractile™ Products	Tractile™ roofing system comprising a combination of roof tile, solar roof tiles, and roofing components.
US, United States or USA	United States of America.
USD	United States Dollars.
US Securities Act	<i>Securities Act of 1933</i> 15 U.S.C. § 77a.
Watermark	WaterMark™ is a product quality certification mark provided by independent certifying authorities. It confirms the product complies with the Plumbing Code of Australia and the relevant Australian Standards, which relate to product quality, including health and safety, and warrant that is fit for purpose.
Wp or Watt Peak	Refers to the nominal power of a Photovoltaic module. Kilowatt-peak (kWp) and megawatt-peak (MWp) are used for PV solar arrays and PV solar systems.



## 11. Application Form





This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

--	--	--	--	--	--	--	--	--

**AS**

[illegible]

Given Name(s)

Surname

[illegible][illegible][illegible]

Unit

Street Number

Street Name or PO Box

Street Name or PO Box (continued)

[illegible]

City/Suburb/Town

State

Postcode

[illegible]

Contact Name		

Telephone Number (Business Hours)

Holder Identification Number (HIN)

[illegible]

**Please note** that if you supply a CHES HIN but the name and address details on your form do not correspond exactly with the registration details held at CHES, your application will be deemed to be made without the CHES HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

				A\$
--	--	--	--	-----

Drawer

Cheque Number

RSB Number

Account Number

Amount of Payment

- I/we declare that this application is complete and lodged according to the Prospectus dated 10 December 2015, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of Trac Group Holdings Ltd (**'the Company'**).



# How to complete this form

## A Shares applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 8,000 Shares (\$2,000) or a greater number in multiples of 2,000 Shares (\$500). The Offer Price of the Shares is payable in full on Application.

## B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of \$0.25 per Share. The minimum amount of Application monies is \$2,000 and applications for less than this amount may be rejected.

## C Applicant Name(s)

Enter the full name you wish to appear on the register of Shares and statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

## D Postal Address

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

## E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this application.

## F CHES

The Company participates in CHES. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

## G Payment

Make your cheque, money order or bank draft payable to 'Trac Group Holdings Ltd IPO A/C' in Australian currency and cross it 'Not Negotiable'. Your cheque, money order or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

**Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented any may result in your Application being rejected.**

**Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. No receipt for payment will be forwarded to Applicants.**

**Before completing the Application Form the Applicant(s) should read this Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in the Company is upon and subject to the terms of the Prospectus and the Constitution of the Company, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.**

## Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5:00pm AEDT on 23 February 2016. You should allow sufficient time for this to occur.

Return the Application Form with cheque(s) attached to:  
Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 3001

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries concerning your application, please contact Computershare Investor Services Pty Limited on 1300 407 610 (within Australia) or +61 3 9415 4393 (outside Australia).

## Privacy Statement

Personal information is collected on this form by CIS for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the Company may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf or to third parties upon direction by the Company where related to their administration of your securityholding, or where you have otherwise agreed we may disclose it. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

## Correct forms of registrable title(s)

**Note** that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	J.A Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L; ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

## Notes

This image shows a full page of white paper with horizontal dotted lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

## Notes

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the page.

Sydney

Gold Coast

Kuala Lumpur



[www.tractile.com.au](http://www.tractile.com.au)



[www.tractile.com.au](http://www.tractile.com.au)