



## PROSPECTUS

An initial public offering of  
54.5 million Shares at an offer  
price of \$1.50 per Share

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PWR Holdings Limited  
ACN 105 326 850

**Lead Manager and Underwriter**  
Morgans Corporate Limited

**Legal Adviser**  
Corrs Chambers Westgarth



# IMPORTANT INFORMATION

## Offer

The Offer contained in this Prospectus is an invitation to acquire Shares in PWR. The Offer is made in Australia through this Prospectus which is issued by PWR.

## Lodgement and listing

This Prospectus is dated 13 October 2015 and was lodged with ASIC on that date.

PWR will apply to ASX for admission of PWR to the Official List and for quotation of its Shares on ASX within seven days after the date of this Prospectus.

None of ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

## Expiry Date

No Shares will be issued or transferred on the basis of this Prospectus after the date which is 13 months after the date of this Prospectus.

## Note to Applicants

This document is important and should be read in its entirety. You should read this entire Prospectus carefully before deciding whether to apply for Shares. In particular, you should consider the risk factors that could affect the performance of PWR or the value of an investment in PWR, some of which are outlined in sections 1 and 7. There may be risk factors additional to those included that should be considered in light of your personal circumstances and investment objectives.

The information contained in this Prospectus is not financial or investment advice and does not take into account your investment objectives, financial situation, tax position and particular needs. Before deciding whether to apply for Shares, you should consider whether they are a suitable investment for you in light of your personal circumstances (including financial and taxation issues) and seek appropriate professional guidance.

No person named in this Prospectus guarantees PWR's performance or any return on an investment made under this Prospectus.

## Exposure Period

The Corporations Act prohibits PWR from processing Applications in the seven day period after the date of this Prospectus (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds.

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 and hard copies of this Prospectus

This Prospectus has been placed on PWR's website at [www.pwr.com.au/investors](http://www.pwr.com.au/investors). Any person accessing the electronic version of this Prospectus must be an Australian resident and must only access the Prospectus from within Australia. If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus.

Any references to documents included on PWR's website are provided for convenience only, and none of the documents or other information on the website is incorporated by reference in this Prospectus.

A hard copy of this Prospectus is available free of charge to any Applicant in Australia by calling the Lead Manager and Underwriter on 1800 777 946.

## Restrictions on the distribution of this Prospectus

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Prospectus (including an electronic copy) outside Australia may be restricted by law. If you are a potential investor outside Australia and come into possession of this Prospectus, you should observe and seek your own advice on any restrictions.

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

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

## Disclaimer

Australian investors should not rely on any information which is not contained in this Prospectus in making a decision about whether to acquire Shares under the Offer. No person is authorised to give any information, or to make any representation, in connection with the issue or transfer of Shares that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by PWR, the Directors, the Founders or any other person in connection with the issue or transfer of Shares.

Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of PWR or any return in relation to a decision made by an Applicant under this Prospectus.

This Prospectus includes information regarding the past performance of PWR. Given this, and the inherent uncertain nature of forecasts, investors should be aware that past performance should not be relied upon as being indicative of future performance.

This Prospectus contains forward looking statements, including the Forecast Financial Information in section 5. The forward looking statements in this Prospectus are based on PWR's current expectations, estimates, forecasts and projections about PWR's business and the industry in which PWR operates, based on an assessment of present economic and operating conditions and a number of assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place. The forward looking statements are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of PWR, the Directors and the Founders that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. This Prospectus details in section 7 some important factors and risks that may cause PWR's actual results to differ from the forward looking statements in this Prospectus.

## Definitions

Terms used in this Prospectus are defined in the Glossary in section 11.

## Time references

A reference to time in this Prospectus is to Australian Eastern Standard Time being the local time in Brisbane, Australia, unless otherwise stated.

## Currency

All financial amounts in this Prospectus are expressed in Australian dollars, unless otherwise stated.

## Questions

If you have any questions about the Offer, you should contact your stockbroker, accountant or other professional adviser.

## Privacy

The information about Applicants included on an Application Form is used for the purposes of processing the Application Form and to administer the Successful Applicant's holding of any of the Shares. By submitting an Application Form, each Applicant agrees that PWR may use the information provided by the Applicant on the form for the purposes set out in this privacy statement and may disclose it for those purposes to the Share Registry and PWR's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires PWR to include information about each holder of securities in PWR (including name, address and details of the securities held) in its public register. The information contained in PWR's public register must remain there even if that person ceases to be a security holder. Information contained in PWR's register is also used to facilitate payments and corporate communications (including PWR's financial results, annual reports and other information that PWR wishes to communicate to its security holders) and compliance by PWR with legal and regulatory requirements.

Under the Privacy Act, you may request access to or correction of your personal information held by, or on behalf of, PWR or the Share Registry. A fee may be charged for access. You can request access to your personal information by telephoning or writing to the Share Registry as follows:

Computershare Investor Services Pty Limited  
Telephone: 1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)  
Address: GPO Box 2975  
Melbourne Victoria 3001

PWR and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers.

## Photographs and diagrams

Photographs and diagrams in this Prospectus that do not have descriptions are for illustrative purposes 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 or used by PWR. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

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# LETTER FROM THE CHAIRMAN

Dear Investor

On behalf of the Board, I am pleased to offer you the opportunity to become a shareholder in PWR, a home grown Australian company that designs and produces customised cooling solutions for international elite motorsports and high performance automotive applications around the world. PWR's DNA of passion, winning and results has delivered strong revenue and profit growth in the last two years and forecast growth for 2016.

Our goal is to maintain revenue growth by leveraging off our track record in elite motorsports, by growing our automotive and emerging technology cooling markets. We pride ourselves on our ability to deliver fully integrated customised cooling solutions. This includes design, engineering, manufacturing and validation of our integrated solutions and meeting the demanding timeframes in motorsports.

From our purpose built facility at Ormeau in southeast Queensland, PWR provides cooling solutions to race teams in categories such as Formula One, NASCAR, V8 Supercars, Deutsche Tourenwagen Masters, IndyCar Racing League and the World Rally Championship. We have a sales and distribution office in the United Kingdom and have recently expanded our North American presence with the acquisition of C&R Racing. We believe that our current international footprint and design/engineering capabilities positions us to pursue growth opportunities.

Post Listing, PWR will be term debt free<sup>1</sup> and with its strong cash flow generation has the financial capacity to fund future growth.

Kees Weel and Paul Weel, co-founders of the business, will own 38.4%<sup>2</sup> of the Company post Listing<sup>3</sup>. Kees Weel will continue in the role of CEO to lead a team of passionate industry professionals.

The Offer is fully underwritten and provides investors with the opportunity to apply for 54.5 million Shares at \$1.50 each. Further information about the Offer and PWR are set out in this Prospectus and I encourage you to read it carefully. As with any company, there are a number of risks associated with an investment and investors should consider these as part of their investment decision. Key risks include loss of key customers, operational risks, integration of C&R, loss of key employees, product defects or failures, adverse currency movements and concentration of shareholding.

I am excited to have joined PWR as Chairman, a business that I believe is embarking on a continued journey of growth in an exciting sector. On behalf of my fellow Directors and the PWR team, we look forward to welcoming you as a Shareholder.



Yours Faithfully

**Bob Thorn**  
Chairman

1. Following the completion of the Offer, PWR will have access to a \$0.5 million overdraft facility and a \$5.0 million limit asset finance facility as at the date of this Offer. It will have no other debt. See section 8(C) for further information.
2. KPW Property Holdings Pty Ltd owns the Shares as trustee of the KPW Holdings Trust, a discretionary trust.
3. KPW Property Holdings Pty Ltd has entered into voluntary escrow arrangements under which it has agreed not to dispose or deal with any of the Shares it holds on Listing until August 2017. See section 9 for further information.

# KEY OFFER INFORMATION

## KEY OFFER DETAILS

Offer Price per Share	\$1.50
New Shares	16.1 million
Vendor Shares	38.4 million
Total number of Shares available under the Offer <sup>1</sup>	54.5 million
Total number of Shares on issue following the Offer	100 million
Gross proceeds of the Offer <sup>1</sup>	\$81.8 million
Market capitalisation at the Offer Price <sup>2</sup>	\$150 million

1 Includes the sale of Vendor Shares under the Offer.

2 The market capitalisation is calculated based on the Offer Price. There is no guarantee that the Shares will trade at the Offer Price upon Listing.

## KEY DATES<sup>1</sup>

Prospectus date	13 October 2015
Offer opens	22 October 2015
Offer closes ( <b>Closing Date</b> )	9 November 2015
Allotment and issue or transfer of Shares ( <b>Allotment Date</b> )	11 November 2015
Expected date for dispatch of holding statements	12 November 2015
Expected commencement of trading of Shares on ASX on a normal settlement basis	18 November 2015

1 All dates are subject to change and are indicative only. The Company reserves the right to vary these dates without prior notice.

## Financial information summary

The table below is a summary of the Company's Pro Forma historical financial information for the financial years ended 2013, 2014 and 2015 and Pro Forma forecast financial information for the 2016 financial year. This information is intended as a summary only. More detailed financial information, including a reconciliation between the Pro Forma financial information presented below and the statutory equivalent financial information, can be found in section 5.

A\$'000	FY13 PRO FORMA	FY14 PRO FORMA	FY15 <sup>1</sup> PRO FORMA	FY16 <sup>1</sup> PRO FORMA
Revenue	\$16,624	\$22,478	\$32,526	\$46,994
EBITDA	\$4,678	\$9,219	\$12,072	\$16,162
EBIT	\$3,934	\$8,422	\$11,258	\$15,018
NPBT	\$3,932	\$8,270	\$11,876	\$14,945
NPAT	\$2,906	\$5,947	\$8,460	\$10,462
Earnings per Share <sup>2</sup>				10.5 cents
Dividend per Share <sup>3</sup>				4.2 cents
Price earnings ratio <sup>4</sup>				14.3 times
Dividend yield <sup>5</sup>				2.8%

1 C&R acquisition settled on 27 March 2015. FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.

2 Based on 100 million Shares.

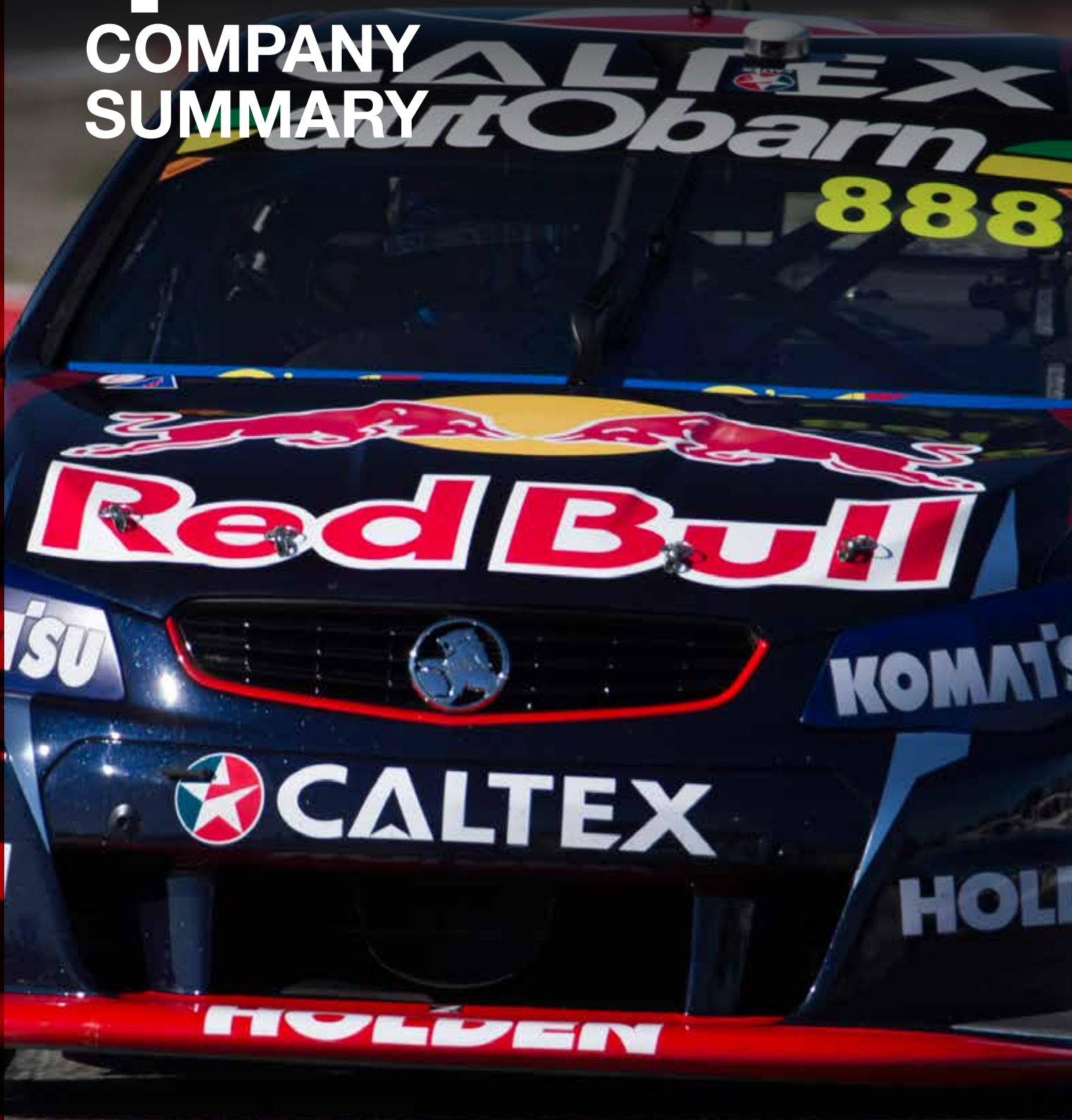
3 The forecast dividend per Share is payable with respect to the FY16 half year and full year periods. These dividends will be fully franked to the extent possible. Further commentary on the availability of franking credits is set out in section 5.

4 Calculated at the Offer Price.

5 The dividend yield is the sum of the dividends payable for the FY16 half year and full year periods divided by the Offer Price and excludes the benefit of franking credits.



# 1 COMPANY SUMMARY



PWR supplies cooling solutions to Triple 8 Red Bull Racing



TOPIC	SUMMARY	FURTHER DETAILS
<b>INTRODUCTION</b>		
<b>Who is PWR and what is its business?</b>	PWR is an Australian-based company involved in the design and the production of customised cooling solutions for motorsports and the automotive industry.	Section 3
<b>What are PWR's core services and products?</b>	PWR offers cooling solutions for water (radiators), oil and forced induction air (inter-coolers) systems for the global motorsports industry. It also engineers cooling solutions for the automotive OEM (Original Equipment Manufacture) and automotive aftermarket and is diversifying into emerging technology applications when cooling solutions are required.	Section 3
<b>What is PWR's strategy and focus?</b>	PWR provides customised cooling solutions, from the initial design and engineering process through to the manufacture, validation and testing of the product. PWR intends to grow its business through leveraging off its track record in the motorsports and automotive markets. This is supported by increased performance and regulatory trends that are driving the need for new and improved cooling solutions.	Section 3
<b>What are PWR's key markets?</b>	PWR's key market segment is motorsports, accounting for 64% of forecast revenue in FY16. Its track record in elite motorsports is used to support growth in the broader automotive segment. The automotive market segment accounts for 31% of forecast revenue in FY16. PWR has also been approached to provide cooling solutions for a variety of automotive and non-automotive opportunities in emerging technologies, accounting for 5% of forecast revenue in FY16.	Section 3 Section 5
<b>What is PWR's history of growth?</b>	From 2013 to 2015 PWR has grown revenue at a compound rate of 40% per annum. This growth has been underpinned by: <ul style="list-style-type: none"> <li>• building on its base in Formula One by growing the number of Formula One customers and increasing the average spend;</li> <li>• growing business across other global motorsports championships, including NASCAR, LMP, DTM and WRC;</li> <li>• developing a capability in providing cooling solutions to automotive OEMs for their limited release high performance "supercars";</li> <li>• the emerging technologies segment through providing customised cooling solutions to new technologies; and</li> <li>• the acquisition of C&amp;R.</li> </ul> PWR's operational leverage has allowed it to convert this revenue growth into strong profit growth at high margins.	Section 3 Section 5
<b>KEY FEATURES OF PWR'S BUSINESS MODEL</b>		
<b>What are the key drivers of future growth for PWR?</b>	Future growth is targeted to come from: <ul style="list-style-type: none"> <li>• <b>Motorsports:</b> leverage off the track record PWR has established at the elite level (namely Formula One and NASCAR) to supply cooling solutions into the larger global motorsports market which encompasses 86 recognised championships and is an estimated US\$5.4 billion per annum market in 2015 (in total, not just cooling);</li> <li>• <b>Automotive OEM:</b> build on the relationships PWR has established with automotive OEMs to supply cooling solutions to "limited release" high performance cars;</li> <li>• <b>Automotive aftermarket:</b> combining PWR's product with C&amp;R's fabrication capability to target the US\$300 million per annum US automotive cooling aftermarket;</li> <li>• <b>Emerging technologies:</b> leverage off PWR's track record for providing cooling solutions at the elite motorsports level by creating customised cooling solutions; and</li> <li>• <b>Industrial:</b> developing cooling solutions industrial applications. PWR has provided cooling solutions for mining, agriculture, transport, military and marine applications.</li> </ul> These growth plans are supported by a number of industry tailwinds including: <ul style="list-style-type: none"> <li>• the focus on developing smaller, lighter and more powerful engines;</li> <li>• continued globalisation and standardisation of motorsports;</li> <li>• significant global investment in the development of electric and hybrid engines; and</li> <li>• increasing controls on vehicle emissions driving the development of more efficient and lower emission vehicles.</li> </ul>	Section 3 Section 5

TOPIC	SUMMARY	FURTHER DETAILS
<b>KEY FEATURES OF PWR'S BUSINESS MODEL</b>		
<b>Who are PWR's customers?</b>	PWR has a wide range of customers across most major motorsports series including Formula One, NASCAR, V8 Supercars, World Rally Championship, DTM and IndyCar. Automotive segment customers include OEMs, automotive aftermarket and motoring enthusiasts, industrial (mining and civil), agriculture, public transport, military and marine sectors.	Section 3
<b>Who are PWR's competitors?</b>	PWR's competitors range from global OEM suppliers of automotive cooling products to specialist engineering and fabrication businesses.	Section 3
<b>KEY INVESTMENT HIGHLIGHTS</b>		
<b>What are the key investment highlights?</b>	<ul style="list-style-type: none"> <li>Established track record in elite international motorsports for customised cooling solutions.</li> <li>Strong financial position – high profit margins, track record of revenue and profit growth and no term debt post IPO.</li> <li>There remains growth opportunities in PWR's existing markets.</li> <li>Growth supported by industry trends demanding smaller, lighter and more efficient engines.</li> </ul>	Section 3
<b>KEY BUSINESS RISKS</b>		
<b>What are the key risks of investing in PWR?</b>	<p>There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of PWR and the value of the Shares, some of which are referred to below.</p> <ul style="list-style-type: none"> <li>PWR operates on a purchase order basis with its customers. The loss of, or significant reduction in purchases by, one or more key customers or the cessation of a leading motorsports racing series or team could lead to a reduction in PWR's revenue and earnings. In FY16, it is expected that PWR's top ten customers by revenue will represent approximately 36% of total revenue.</li> <li>Operational risks, such as an equipment breakdown at PWR's facilities, may impact the Company's ability to meet its forecasts.</li> <li>PWR is in the process of integrating C&amp;R into the group and it may take a period of time to realise the full benefit of this recent acquisition.</li> <li>PWR's success is built on the knowledge, relationships and know-how of its key employees and the departure of any of them may impact its operations.</li> <li>The failure of any of PWR's business systems, particularly the integrated ERP system used across the group, could adversely affect the business.</li> <li>Specific PWR product failures, defects or recalls could affect PWR's reputation, earnings and revenue.</li> <li>PWR may be liable for injuries that occur in the workplace.</li> <li>Adverse movements in the British pound or US dollar against the Australian dollar could have an adverse impact on performance. PWR does not currently hedge against currency risk.</li> <li>After Listing, Founder Saleco will hold an interest in approximately 38.4% of the Shares and as a consequence, the Founders will be in a position to exert significant influence over the Company, including the election of Directors.</li> </ul>	Section 7

TOPIC	SUMMARY	FURTHER DETAILS
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PWR'S DIRECTORS, KEY MANAGEMENT AND RELATED PARTY ARRANGEMENTS		
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<b>Who are the directors of PWR and how many Shares do they own in the Company?</b>	The Board of Directors of the Company has automotive and motorsports experience, combined with a broad range of Australian public company, financial, legal and capital markets experience. The Directors of PWR are:			Section 4
				Section 9
	<b>Director</b>	<b>Position</b>	<b>Independence</b>	<b>Shares on completion of Offer</b>
	Bob Thorn	Chairman	Independent	400,000
	Kees Weel	CEO and Managing Director	Non-Independent	38.4 million
Jeff Forbes	Non-executive Director	Independent	20,000	
Teresa Handicott	Non-executive Director	Independent	13,500	

<b>Who are PWR's senior management team?</b>	PWR is led by the CEO and Managing Director, Kees Weel (see above). The senior management team is:			Section 4
	<b>Name</b>	<b>Position</b>		
	Adam Purss	Chief Financial Officer		
	Matthew Bryson	General Manager, Engineering		
	Paul Weel	Production Manager		
	Andy Burton	UK Manager		
	Chris Paulsen	US Manager		
	Marshall Vann	Special Projects Manager		
Lisa Dalton	Company Secretary			

<b>Related party arrangements</b>	<p>The Company leases properties from which it conducts its operations in Australia, the US and the United Kingdom from related parties.</p> <p>The factory at 103 Lahrs Road, Ormeau is leased from an entity controlled by the Founders. The lease is until 31 August 2025 and contains options to renew for two additional terms of five years each.</p> <p>C&amp;R has entered into leases for its premises in Indianapolis, Indiana (until March 2022) and in Mooresville, North Carolina (until March 2020 with an option to renew for an additional five years). Both properties are currently owned by entities controlled by Chris Paulsen, the prior owner of C&amp;R and now US Manager.</p> <p>The Company conducts its European operations from a property owned by an entity controlled by Andy Burton, UK Manager. The lease is until July 2020 and the Company has the right to terminate the lease on three months' notice in August 2017.</p> <p>All leases have been entered into on an arm's length basis.</p>	Section 8
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# 2 OFFER SUMMARY



PWR is a supplier to the major NASCAR racing teams

TOPIC	SUMMARY	FURTHER DETAILS																																		
<b>What is the Offer?</b>	<p>The Offer is an initial public offer of 54.5 million Shares, comprising 16.1 million New Shares and 38.4 million Vendor Shares, to raise a total of \$81.8 million.</p> <p>The Offer invites Applications from investors to purchase Shares in PWR, which is proposed to be listed on ASX. The Shares will trade on ASX under the ticker "PWH".</p>	Key Offer information Section 10																																		
<b>What is the Offer Price?</b>	The Offer Price is \$1.50 per Share.	Section 10																																		
<b>Why is the Offer being conducted?</b>	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> <li>• repay debt;</li> <li>• facilitate the Founders to sell down a portion of their shareholding; and</li> <li>• pay the costs of the Offer.</li> </ul> <p>Listing on ASX will provide:</p> <ul style="list-style-type: none"> <li>• access to capital markets to pursue growth opportunities;</li> <li>• expansion of PWR's shareholder base; and</li> <li>• increased corporate and public profile.</li> </ul>	Section 5 Section 10																																		
<b>What will the proceeds of the Offer be used for?</b>	<p>The table below sets out the proposed use of proceeds from the sale and issue of Shares under the Offer. Founder Saleco will receive the proceeds raised from the sale of the Vendor Shares under the Offer.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 20%;">\$</th> </tr> </thead> <tbody> <tr> <td>Repay debt</td> <td style="text-align: right;">20.2 million</td> </tr> <tr> <td>Proceeds to Founders for Vendor Shares</td> <td style="text-align: right;">57.6 million</td> </tr> <tr> <td>Costs of the Offer<sup>1</sup></td> <td style="text-align: right;">4.0 million</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>81.8 million</b></td> </tr> </tbody> </table> <p><sup>1</sup> Please refer to section 9.6 of this Prospectus for details of the costs of the Offer.</p> <p>The Directors believe that on completion of the Offer, PWR will have sufficient funds available from cash generated by PWR's operations and Bank Facilities to achieve the stated business objectives summarised in section 3.</p>		\$	Repay debt	20.2 million	Proceeds to Founders for Vendor Shares	57.6 million	Costs of the Offer <sup>1</sup>	4.0 million	<b>Total</b>	<b>81.8 million</b>	Section 5 Section 10																								
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<b>What will the capital structure of PWR look like upon completion of the Offer?</b>	<p>The ownership structure of PWR before and after the completion of the Offer is set out below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Shareholder</th> <th colspan="2" style="text-align: center;">PWR ownership prior to IPO</th> <th colspan="2" style="text-align: center;">PWR ownership following completion of IPO</th> </tr> <tr> <th style="text-align: center;">Quantity</th> <th style="text-align: center;">%</th> <th style="text-align: center;">Quantity</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Founder Saleco</td> <td style="text-align: center;">76.8 million</td> <td style="text-align: center;">91.5%</td> <td style="text-align: center;">38.4 million</td> <td style="text-align: center;">38.4%</td> </tr> <tr> <td>MAMLEC Pty Ltd as trustee for the Bryson Family Trust</td> <td style="text-align: center;">4.2 million</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">4.2 million</td> <td style="text-align: center;">4.2%</td> </tr> <tr> <td>Chris Paulsen</td> <td style="text-align: center;">2.9 million</td> <td style="text-align: center;">3.5%</td> <td style="text-align: center;">2.9 million</td> <td style="text-align: center;">2.9%</td> </tr> <tr> <td>Investors under the Offer</td> <td style="text-align: center;">0 million</td> <td style="text-align: center;">0.0%</td> <td style="text-align: center;">54.5 million</td> <td style="text-align: center;">54.5%</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>83.9 million</b></td> <td style="text-align: center;"><b>100%</b></td> <td style="text-align: center;"><b>100 million</b></td> <td style="text-align: center;"><b>100%</b></td> </tr> </tbody> </table>	Shareholder	PWR ownership prior to IPO		PWR ownership following completion of IPO		Quantity	%	Quantity	%	Founder Saleco	76.8 million	91.5%	38.4 million	38.4%	MAMLEC Pty Ltd as trustee for the Bryson Family Trust	4.2 million	5.0%	4.2 million	4.2%	Chris Paulsen	2.9 million	3.5%	2.9 million	2.9%	Investors under the Offer	0 million	0.0%	54.5 million	54.5%	<b>Total</b>	<b>83.9 million</b>	<b>100%</b>	<b>100 million</b>	<b>100%</b>	Section 10
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Investors under the Offer	0 million	0.0%	54.5 million	54.5%																																
<b>Total</b>	<b>83.9 million</b>	<b>100%</b>	<b>100 million</b>	<b>100%</b>																																
<b>Will any Shares be subject to voluntary escrow arrangements?</b>	<p>The Existing Shareholders have entered into voluntary escrow deeds with PWR in relation to all Shares they will hold (either directly or through controlled entities) on completion of the Offer. Under the voluntary escrow deeds, the Existing Shareholders agree, subject to certain limited exceptions, not to deal in those Shares from the date the escrow deeds are entered into, until in the case of MAMLEC Pty Ltd and Founder Saleco, August 2017 and in respect of Chris Paulsen, the business day after the release of the Company's annual report for the financial year ending 30 June 2016. The Shares subject to these arrangements represent 45.5% of the total Shares on issue on completion of the Offer.</p>	Section 9																																		
<b>How is the Offer structured?</b>	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>• the Broker Firm Offer; and</li> <li>• the Institutional Offer.</li> </ul>	Section 10																																		

<b>TOPIC</b>	<b>SUMMARY</b>	<b>FURTHER DETAILS</b>
<b>What is the minimum application amount?</b>	Applications must be for a minimum parcel of 1,500 Shares (i.e. \$2,250 at the Offer Price of \$1.50 per Share) and thereafter in multiples of 100 Shares (i.e. \$150).	Section 10
<b>Am I eligible to participate in the Offer?</b>	You are eligible to participate in the Offer if you are an Australian resident.	Section 10
<b>How can I apply?</b>	If you are an eligible investor, you may apply for Shares by completing a valid Application Form (attached to or accompanying this Prospectus) in accordance with the instructions contained within. To the extent permitted by law, an Application under the Offer is irrevocable.	Section 10
<b>What is the allocation policy?</b>	The allocation of Shares will be determined by the Lead Manager and Underwriter and the Company, having regard to the following factors: <ul style="list-style-type: none"> <li>• desire to foster a stable, long term share register;</li> <li>• desire for a liquid and informed trading market for the Shares;</li> <li>• overall level of demand for Shares under the Offer; and</li> <li>• any other factors that the Lead Manager and Underwriter and the Company consider appropriate.</li> </ul>	Section 10
<b>Is the Offer underwritten?</b>	The Offer is fully underwritten by the Lead Manager and Underwriter in accordance with the terms of the Underwriting Agreement.	Section 10
<b>Will the Shares be quoted on ASX?</b>	Yes. The Company will, within seven days of the date of this Prospectus, apply to ASX for its admission to the Official List and quotation of its Shares by ASX (under the code "PWH").  Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after the application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Money received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.	Section 10
<b>What is PWR's dividend policy and when will I receive dividends?</b>	It is the Board's current intention to target a payout ratio of 40% to 60% of full year NPAT. For FY16, the Board's current intention is to pay 50% of Statutory NPAT as dividends. The level of payout ratio may vary between periods. Given a larger proportion of NPAT is typically achieved in the second half of each financial year, interim dividends may be lower than final dividends for each respective financial year.  The Directors intend to pay an interim dividend in April 2016 for the half year ending 31 December 2015.	Section 5
<b>What is PWR's debt profile?</b>	Following the completion of the Offer, PWR will have access to a \$0.5 million overdraft facility and a \$5.0 million limit asset finance facility (drawn to \$1.6 million as at the date of this Offer). It will have no other debt. See section 5.6 for further information.	Section 5
<b>What are the costs of the Offer?</b>	The costs of the Offer are expected to be approximately \$4 million.  The costs of the Offer will be paid by PWR with funds raised from the Offer.	Section 9
<b>Is there any brokerage, commission or stamp duty payable?</b>	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 10



TOPIC	SUMMARY	FURTHER DETAILS
<b>What are the key taxation implications of participating in the Offer?</b>	Summaries of certain Australian tax consequences of participating in the Offer and investing in the Shares are set out in section 9.8. The taxation implications of investing in the Shares will depend on each investor's individual circumstances. Applicants should seek their own tax advice prior to applying for Shares under the Offer.	Section 9
<b>What are the key dates of the Offer?</b>	<p>The Offer opens on 22 October 2015 and closes at 5.00 pm on 9 November 2015.</p> <p>The New Shares are expected to be issued and the Vendor Shares transferred on 11 November 2015.</p> <p>Holding statements are expected to be dispatched on 12 November 2015.</p> <p>The Shares are expected to commence trading on ASX on 18 November 2015.</p> <p>The dates above are indicative and subject to change at the discretion of the Company and the Lead Manager and Underwriter.</p>	"Key Dates" in Key Offer Information
<b>When will I receive confirmation that my Application has been successful?</b>	<p>Successful Applicants under the Offer will be notified in writing of the number of Shares allocated to them as soon as possible after allotment or transfer. Initial holding statements and confirmation statements are expected to be dispatched to Successful Applicants on 12 November 2015.</p> <p>If you sell Shares before receiving an initial holding statement or confirmation statement, you do so at your own risk, even if you have obtained details of your holding from your Broker.</p>	Section 10
<b>Where can I find more information?</b>	If you are unclear in relation to any matter or are uncertain as to whether the Shares are a suitable investment for you, further information can be obtained by reading this Prospectus in its entirety, by seeking professional advice from your stockbroker, accountant, financial or other professional adviser, by calling the Lead Manager and Underwriter on 1800 777 946 or by visiting the Company website at <a href="http://www.pwr.com.au/investors">www.pwr.com.au/investors</a> .	
<b>Can the Offer be withdrawn?</b>	PWR reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Money will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer.	Section 10

# 3 COMPANY OVERVIEW



PWR CNC machine in use

### 3.1 A leader in automotive cooling solutions with global reach

PWR is an Australian-based company involved in the design and the production of cooling solutions for the high performance automotive industry. PWR's key market is the design of customised cooling solutions for water (radiators), oil and forced induction air (inter-coolers) systems for the global motorsports industry (see key product groups below). It also engineers customised cooling solutions for the broader automotive industry and is diversifying into emerging technology applications where customised cooling solutions are needed. In FY15 85% of PWR's revenue was export driven, with the key markets being the UK, Europe and the US.

#### PWR'S KEY PRODUCT GROUPS

##### HEAT EXCHANGE CORE

Fundamental component for heat exchange generally incorporating tubes for fluid transfer and fins for heat exchange via air movement



##### HEAT EXCHANGERS

Battery coolers, cell coolers, fuel coolers and other heat exchangers for automotive use



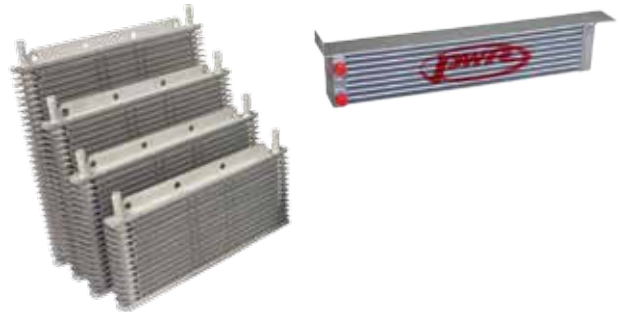
##### RADIATORS

Radiators are used for cooling internal combustion engines, where water and coolant is passed through the engine block where it absorbs heat from the engine



##### ENGINE & TRANSMISSION OIL COOLERS

Engine oil coolers are small heat exchangers that are placed in front of the coolant system to cool the temperature of the oil as it passes through the engine



##### INTERCOOLERS

Intercoolers increase the efficiency of the induction system by reducing induction air heat created by the turbocharger and promoting more thorough combustion



##### ACCESSORIES

Range includes expansion tanks/bottles, overflow bottles and surge tanks, billet filler necks and thermo switches





PWR has an established track record in providing cooling solutions to elite motorsports, working with teams in leading race categories such as Formula One, NASCAR, V8 Supercars, DTM, IndyCar and the WRC. A cooling system's efficiency, weight and aerodynamic characteristics have an impact on the performance and reliability of a vehicle.

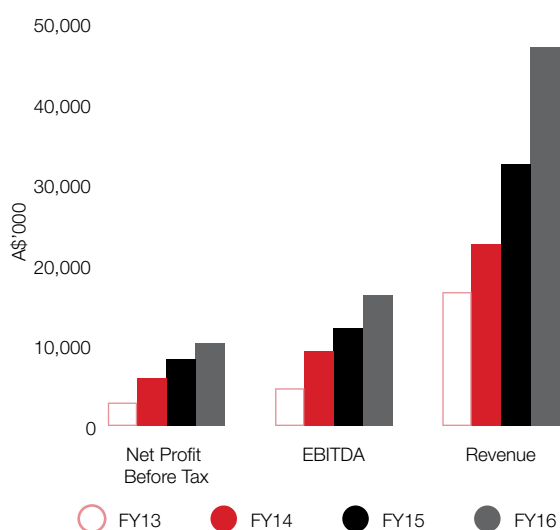
PWR delivers solutions for cooling systems, from the initial design and engineering process through to the manufacture, validation and testing of the product. PWR's experience to date has been that OEM cooling suppliers which target high volume production have not competed aggressively in the markets in which PWR operates. PWR believes its competitive advantage lies in its process flexibility. PWR's competitors range from global OEM suppliers of automotive cooling products to specialist engineering and fabrication businesses.

PWR has grown revenue at a compound rate of 40% per annum for the period 2013 – 2015. This growth has been underpinned by:

- building on its base in Formula One by growing the number of Formula One customers and increasing the average spend;
- growing business across other global motorsports championships, including NASCAR, IndyCar and DTM and WRC;
- developing a capability in providing cooling solutions to automotive OEMs for their limited release high performance "supercars";
- the emerging technologies segment through providing cooling solutions to new technologies that require customised solutions; and
- the acquisition of C&R.

PWR's operational leverage has allowed it to convert this revenue growth into strong profit growth at high margins.

## Historical and forecast financial performance



C&R acquisition – C&R acquisition settled on 27 March 2015.  
 FY15 includes C&R trading from 28 March 2015 to 30 June 2015.  
 FY16 includes a full year of C&R forecast trading.

Future growth is targeted to come from:

- **Motorsports:** leverage off the track record PWR has established at the elite level (namely Formula One and NASCAR) to supply cooling solutions into the larger global motorsports market which encompasses 86 recognised championships and is an estimated US\$5.4 billion per annum market in 2015 (in total, not just cooling);
- **Automotive OEM:** build on the relationships PWR has established with automotive OEMs to supply cooling solutions to "limited release" high performance cars;
- **Automotive aftermarket:** combining PWR's product with C&R's fabrication capability to target the US\$300 million per annum US automotive cooling aftermarket;
- **Emerging technologies:** leverage off PWR's track record for providing cooling solutions at the elite motorsports level by creating customised cooling solutions; and
- **Industrial:** developing cooling solutions industrial applications. PWR has provided cooling solutions for mining, agriculture, transport, military and marine applications.

These growth plans are supported by a number of industry tailwinds including:

- the focus on developing smaller, lighter and more powerful engines;
- continued globalisation and standardisation of motorsports;
- significant global investment in the development of electric and hybrid engines; and
- increasing controls on vehicle emissions driving the development of more efficient and lower emission vehicles.

## PWR'S DNA – PASSION, WINNING AND RESULTS



Our focus on profit....allows us to succeed



We show passion in everything we do



Competing and winning with leading edge solutions –  
PWR is the “go to – can do” company



Our product vision...delivering through innovation...  
using our engineering, R&D, manufacturing and testing skills



A customer focus...by providing solutions, quality, delivery  
and performance results



Listening...to our people, our network of customers and the  
market to create the “PWR engineering cooling solutions”



Ensuring we are resource ready... from materials, latest equipment  
and technology, specialist tools, vertical manufacturing processes...  
to the right people

# HISTORY OF PWR





**2010**

Exclusive cooling solutions provider to World Champion Red Bull F1 racing team

**2011**

Supplier of cooling solutions to Dallara (sole chassis supplier to the IRL)

**2012**

PWR wins OEM contract for cooling of prestige German marque supercar, entering hybrid electronic cooling market

**2012**

PWR wins prestigious CAMS Phil Irving Award for engineering excellence

**2012**

PWR wins Prime Minister's Australian Exporter of the Year Award

**2010**

**2010**

PWR USA established to focus on US racing markets

**2011**

**2011**

PWR wins Premier of Queensland's Export Award for small to medium manufacturer

**2012**

**2012**

Designed and constructed wind tunnel calibration facility

**2015**

**2015**

Acquisition of C&R Racing, US

**2014**

Expanded Ormeau facility into adjacent building

**2013**

PWR expands into emerging technology applications

### 3.2 History – “Going After the World”

The Weel family has been involved in the automotive cooling industry over 28 years. In 1987, Kees Weel started K&J, which manufactured radiators in a small factory on the Gold Coast.

In 1996, Kees Weel and his son Paul saw an opportunity for custom designed, high quality, lightweight, high performance aluminium cooling products. PWR Performance Products was incorporated in 1998. The name PWR was derived from the initials of Paul Weel Radiators.

A significant event occurred when PWR sold its product to the GM Holden Factory Race Team, which subsequently went on to win the Bathurst 1000 in 1998. K&J was sold in 2004. Kees and Paul then focused on the development and expansion of PWR.

Between 2006 and 2009, PWR constructed a purpose built facility at Ormeau, increasing production capacity and manufacturing flexibility.

In 2007 PWR incorporated PWR Europe (Tamworth, UK), followed by the incorporation of PWR USA (Mooresville, North Carolina) in 2009. Establishing a presence in these international markets led to another breakthrough milestone with the trial and subsequent supply of PWR’s cooling solutions to Formula One teams.

Through 2011 and 2012, PWR designed and constructed its purpose built wind tunnel test facility which has become integral to PWR’s fully integrated service to elite and high performance motorsports teams and OEMs.



PWR’s wind tunnel testing and validation facility

#### Wind Tunnel Testing and Validation Facility

The wind tunnel testing and validation facility allows different core configurations to be tested after manufacture. This allows PWR to provide product prototyping and a development process for customers.

The performance characteristics of each solution can be fine-tuned for the purpose required by the customer, using the wind tunnel test facility to vary:

- air velocity and liquid flow rates; and
- air and liquid temperatures and pressures.

The wind tunnel testing and validation facility measures heat rejection and pressure drop characteristics, which is complemented by thermal imaging capabilities. The data collected is used to ensure that cooling solutions meet customer’s needs. The facility is designed to allow for combined system cooling where multiple coolers can be tested simultaneously in parallel or in series (e.g testing of a high temperature cooler behind a lower temperature cooler such as an oil cooler behind a water radiator) that will replicate the customer’s installation.

In 2014, PWR expanded into the adjacent building at Ormeau to accommodate increasing demand and as a storage facility.

In March 2015, PWR acquired US based C&R to strategically expand its footprint and gain further traction in the US market. Founded by Chris Paulsen in 1988, C&R is a widely known cooling products manufacturer and fabrication business that services US race markets including NASCAR, IndyCar, NHRA drag racing and IMSA sports cars. It also supplies products to niche automotive OEMs and military markets. C&R was a competitor to PWR and also one of its largest customers of radiator and oil cooler cores.

Prior to the C&R acquisition, PWR had penetrated NASCAR and other top level race series in the US through its own activities. The acquisition of C&R expands PWR's presence in the US market and provides PWR with access to new racing series and OEM relationships. C&R also sells into the US automotive aftermarket.

Today, PWR is a global business, employing 165 people with facilities in three countries. In FY15 59% of sales were sourced in the UK and Europe, 25% in the US, 1% in Japan and 15% in Australia.

The Group has won numerous industry awards recognising its track record in innovation and export performance, including:

- the Phil Irving Award in 2012 from CAMS in recognition of twenty years of engineering excellence; and
- the Prime Minister's Export Award (2012), the Smart Company Top Exporter (2014) and Manufacturers' Monthly Exporter of the Year (2015), all in recognition of PWR's international expansion.

### 3.3 Key Markets

PWR's key market segment is motorsports, accounting for 64% of forecast revenue in FY16. Its track record in elite motorsports has supported growth in the broader automotive segment which accounts for 31% of forecast revenue in FY16. PWR has also been approached to provide cooling solutions for a variety of automotive and non-automotive opportunities in emerging technologies, accounting for 5% of forecast revenue in FY16. The following charts illustrate the contribution to PWR's revenue from the motorsports, automotive and emerging markets in FY13 to FY15 and forecast revenue in FY16.

**Actual and forecast revenue by market segment: FY13–FY16**



## (A) MOTORSPORTS

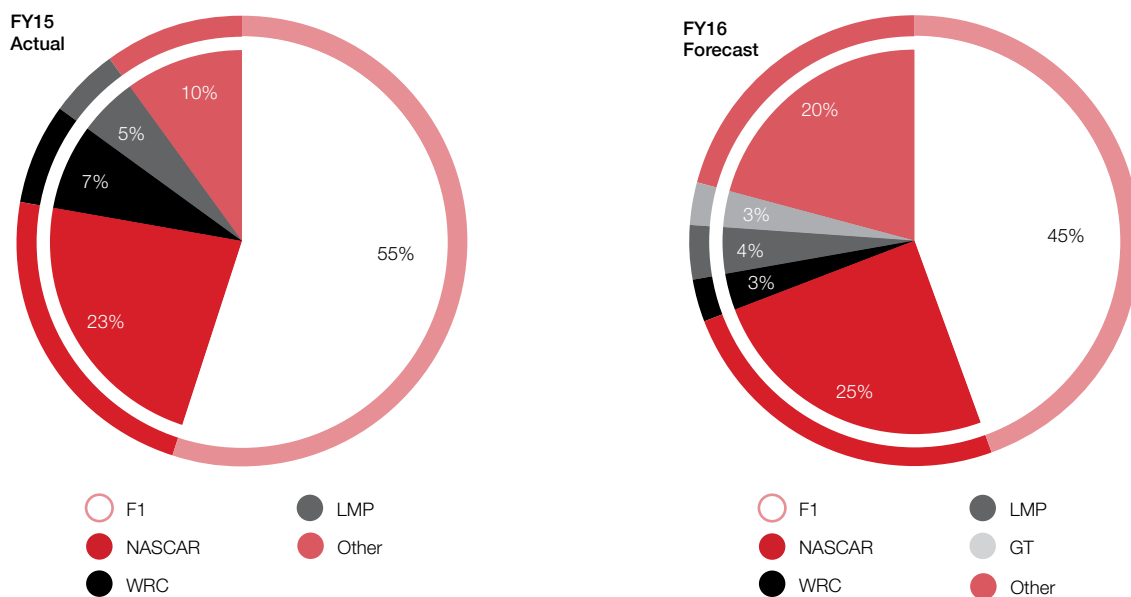
PWR has focused on building a track record in elite motorsport. In this regard, it has been successful in establishing itself as the major provider of cooling solutions to Formula One (PWR estimates it supplied 48% of cooling products used in Formula One in the 2015 season) and supplies the major NASCAR racing teams with cooling solutions. It has also established relationships and services customers in other professional racing series including IndyCar, WRC, DTM and V8 Supercars.

PWR is aware of 86 active motorsports championships around the world, but the global motorsports industry extends far beyond this with professional, semi-professional and amateur racing series including formula, touring car, sports car, production car, single-marque, rallying, drag, sprint, speedway, circuit racing, hill climb, off-road, kart, motorcycle (including motocross, supercross and enduro), and historical racing categories. Globally, this market is estimated at US\$5.4 billion per annum in 2015 (in total, not just cooling).

In Australia in 2013 there were over 34,000 motorsports competitors registered with CAMS plus an additional 26,000 participants in CAMS affiliated car clubs. In the US there are over 1,300 race tracks. PWR believes the track record it has established in elite motorsport provides the platform to expand further into the global motorsports market.

At the elite level, future sales growth is expected to predominantly come from continuing to grow the average spend per customer on cooling solutions. This may be realised by providing more cooling products per customer and will be supported by elite motorsports teams' desire to achieve continuous performance improvement.

**Actual and forecast motorsports revenue by race category: FY15–FY16**





## MAJOR GLOBAL MOTORSPORTS SERIES

### FORMULA ONE

For 65 years Formula One has been considered the pinnacle of motorsports. At present there are 10 teams, each with two, 1.6 litre, V6 turbocharged cars with energy recovery systems. In 2013, the highest spending team was estimated to have an average annual budget of \$470 million (of which \$130 million was spent on engines).

There are currently 19 races over the season which runs from March to November. In 2014 the series attracted 425 million global viewers per annum and was estimated to generate approximately US\$1.65 billion in annual revenue in 2012 from broadcasting rights, sponsorship and promoter fees.

### NASCAR

The first NASCAR-sanctioned race was held on Daytona's beach-road course in 1948. Today the NASCAR organisation sanctions more than 1,200 races in more than 30 US states, Canada, Mexico and Europe. The NASCAR Sprint Cup series features 18 constructor backed teams all operating with 5.8 litre V8 engines, involving 48 drivers.

### V8 SUPERCARS

The V8 Supercar Championship has 26 V8 Supercars (5.0 litre V8 engines) representing 16 racing teams.

### WORLD RALLY CHAMPIONSHIP

Established in 1973, the WRC promotes itself as the most challenging motorsports championship in the world. In 2014, there were five constructors, nine teams, 19 drivers and 13 rallies across 15 countries. Each vehicle uses a 1.6 litre, 4-cylinder turbo charged engine with four wheel drive. The average car cost has been estimated at approximately \$1 million and the races attracted a TV audience of 580 million viewers in 2014.

### INDYCAR

The IndyCar series grew out of the Indianapolis 500 race, which first ran in 1911. Today there are 15 teams involving 39 cars that feature a 2.2 litre, twin turbocharged, direct-injected V6 engine. In 2014, the IndyCar series attracted approximately 20 million annual viewers across 17 race telecasts. The larger IndyCar team annual budgets are estimated at US\$15 million in 2013.

### DEUTSCHE TOURENWAGEN MASTERS

The first race of the "Deutsche Tourenwagen Meisterschaft" (German Touring Car Championship) was in 1984, and was contested by close-to-production touring cars. Today, DTM represents the trademark of the European based touring-car series and is not only focused on spectacular racing cars but also on cost control. All DTM race cars have rear wheel drive with 4.0 litre V8 engines which are air-restricted to 500 bhp. Instead of road car bodies, purpose-built chassis are used, which are closer to prototype racing.

### LE MANS

At its inception in 1923, the 24 Hours of Le Mans was called "Grand Prix of Speed and Endurance" with cars required to retain part of their original off-track equipment. Over the years, the cars evolved into prototypes and road cars modified for competition combining performance and durability for 24 hours, and taking into account the development of new technologies (e.g. hybrid engines) linked to today's environmental consciousness. In 2014, Le Mans attracted more than 250,000 motorsports spectators and has a TV broadcast to 190 countries for more than 800 million potential spectators.

### OTHER RACE SERIES

There are a number of other race series including World Touring Car Championship, British Touring Car Championship, World Endurance Championship, Super Grand Touring, National Rally Car, Super Formula and FIA European Rally Championship.

## (B) AUTOMOTIVE

PWR has leveraged its track record in motorsports to pursue opportunities across a range of adjacent automotive segments including automotive OEMs, the automotive aftermarket and industrial applications such as mining and civil, agriculture, public transport, military and marine.

### PWR'S KEY AUTOMOTIVE SEGMENTS

#### AUTOMOTIVE OEM

It is common for automotive OEMs to showcase signature brands and the latest technology through the limited release (typically fewer than 5000 vehicles) of high performance "supercars". For example, brands including Porsche, Lamborghini, Ferrari, Chevrolet, Ford, Aston Martin, Bugatti and McLaren have all launched "limited release" vehicles in recent years.

Through its customer base in elite motorsports, PWR has established relationships with several automotive OEMs to provide cooling solutions for limited release vehicles.

This market requires customised solutions. PWR's experience to date has been that OEM cooling suppliers which target high volume production have not competed aggressively in the niche markets in which PWR operates. PWR believes its competitive advantage lies in its process flexibility. PWR has demonstrated the ability to meet the quality standards and level of reporting required by automotive OEMs. PWR will seek to grow these relationships in the future.

#### AUTOMOTIVE AFTERMARKET INDUSTRIES

The automotive aftermarket sector provides ongoing support to all vehicles following sale. Activities and services provided by the automotive aftermarket include mechanical repair and modification services, manufacturing, re-manufacturing, wholesaling, distribution and retailing of all vehicle parts, accessories, tools, equipment and services, except those products which are used in the manufacturing of original equipment. Specialist services are also provided to the motoring enthusiast wanting to enhance the appearance or performance of their new vehicle.

PWR operates in the Australian automotive aftermarket for cooling products. It estimates this market to be A\$40 million per annum<sup>1</sup>, of which it believes it has a 10% market share.

The opportunities presented through the acquisition of C&R in the US provides PWR with a platform to launch into the US automotive aftermarket for cooling products. This market is estimated to be US\$300 million per annum.

#### INDUSTRIAL

PWR's cooling solutions can be applied to various industrial applications.

PWR has provided cooling solutions for large vehicles in mining, agriculture, transport, military and marine applications.

<sup>1</sup> This is calculated by using 2015 US cooling aftermarket percentage to the total US aftermarket and then applying this percentage to the total Australian aftermarket.



#### BUSTECH – AN INDUSTRIAL CASE STUDY

Based in Burleigh on the Gold Coast, Bustech is the manufacturing arm of Transit Australia Group, Australia's largest private bus company currently running 650 buses and employing over 1300 staff. Bustech offers a total turnkey bus solution and currently produces over 250 vehicles a year.

PWR was approached in 2009 to provide a retrofit cooling module to buses that had been built by Bustech to enhance their integrated chassis. The solution was a water radiator and intercooler packaged together in a way that can be directly fitted into the space envelope in the bus, bolted into place and the pipework fitted in a short amount of time. PWR is now the sole supplier to Bustech for the cooling module in all buses manufactured by them.



## (C) EMERGING TECHNOLOGIES

PWR's track record in customised cooling solutions has led to opportunities for a range of emerging technologies. This includes the development of cooling solutions for automotive related emerging technology (e.g. cooling plates for battery powered vehicles), as well as non-automotive applications (e.g. cooling systems for energy capture and storage systems). For example the development of batteries, specifically with respect to renewable energy and energy storage, has led to the development of associated battery pack and electronics cooling systems to maintain and control optimum operating temperatures.

### 3.4 Trends supporting future growth

#### SMALLER, LIGHTER AND MORE POWERFUL ENGINES

Technology improvement in the automotive industry has a focus on reducing the size and weight of engines while also increasing power, performance and environmental considerations.

A major industry change has been the widespread adoption of forced induction (turbo charging/super charging) for the internal combustion engine. Forced induction requires additional cooling as significant heat is generated by the process to compress air intake and create more powerful combustion in the cylinder. There is also a need to reduce air temperature into the engine through intercooling (or charge air cooling) which allows more power as the intake air is both compressed and cooled.

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“Downsized turbocharged engines are a “no compromise solution” for automakers seeking to satisfy more stringent global fuel economy and emission regulations and customer demand for better-performing vehicles. Turbochargers can help downsized engines improve fuel economy as much as 20 to 40 percent in gas and diesel engines, respectively, when compared with larger naturally aspirated engines and still provide the same or better engine performance. In addition to improving fuel efficiency, downsized turbocharged engines also reduce harmful exhaust emissions.”

*Source: Honeywell Global Turbo Forecast 2014*

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## MOTORSPORT GLOBALISATION AND STANDARDISATION

The ongoing globalisation of motorsports and increased number of races in key championships has resulted in a greater number of racing schedules in a wider range of climates and conditions. This has led to a greater demand for cooling solutions.

An example of this trend is the expansion of Formula One over a number of years from a European-based championship to a global event extending over nine months of the year.

The motorsports industry plays an important role in the development of powertrain technology and associated integrated cooling solutions. Some global racing organisations are moving to standardise vehicles and equipment used in leading championships to reflect changes and trends in more generic automotive markets. For example, a move to forced induction has enabled race series to reduce engine size while maintaining power.

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Formula One moved from naturally aspirated engines to forced induction engines for the 2014 season. This change in specification assisted PWR sales to the Formula One category by more than doubling from FY13 to FY14. After manufacture PWR tested the cooling solutions in its wind tunnel testing and validation facility. Further specification changes are being discussed by Formula One.

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## TECHNOLOGY SHIFTS – THE MOVE TO HYBRID AND ELECTRIC ENGINES

In recent years, there has been significant investment in the development of electric and hybrid technology to supplement or replace traditional internal combustion engines. Electric and hybrid vehicles face many of the same, and several new, cooling challenges as traditional fuel-powered vehicles.

PWR has been involved in the development of cooling solutions for these new technologies which have the potential to be a growth market.

## ENVIRONMENTAL REGULATION

Increasing controls placed on vehicle emissions (e.g. Euro 6 standards) are driving development of more efficient and lower emission vehicles such as electric and hybrid vehicles. These developments require new cooling solutions.

## 3.5 The Company

### (A) PWR CUSTOMERS

PWR's customer interaction ranges from a traditional customer relationship to one that is highly collaborative, where PWR partners with the customer from the initial design stages through to manufacture and testing.

PWR's customer relationships may start when the customer has a cooling requirement that needs fast resolution. For example, PWR has previously developed a cooling solution for an elite motorsports team within a month from initial enquiry to shipping. PWR's intention is to transition more customers to this collaboration model.

There are various channels through which PWR reaches its customers, including direct sales, installers (e.g. auto repair shops and dyno tuning) and re-sellers. PWR has over the last three financial years spent less than 1% of revenue on marketing and has relied on its elite motorsports customers coming direct to the Company for cooling solutions.

After the C&R acquisition, no single customer accounts for more than 10% of revenue and PWR has in excess of 4,000 customers around the world across its various operating segments.

Within the broader global automotive industry, PWR has strategically targeted specialist markets in high performance vehicles. These markets require customised solutions and usually entail limited production runs (typically fewer than 5000 vehicles). PWR's experience to date has been that OEM cooling suppliers which target high volume production have not competed aggressively in the niche markets in which PWR operates. PWR believes its competitive advantage lies in its process flexibility. PWR will seek to grow these relationships in the future.

### (B) BUSINESS PROCESSES

#### KEY INPUTS

PWR's key material input is aluminium and includes aluminium strip, tube, sheet, fin, and billet. Aluminium is sourced from global suppliers and PWR holds sufficient aluminium inventory to meet expected customer demand and to prevent delays in production. Other inputs include welding consumables, nitrogen, argon and electricity.

#### SYSTEMS

PWR uses a range of systems to support its operations including an Accentis ERP system, implemented in 2012. C&R implemented the Accentis system on 1 July 2015. PWR also uses Solidworks 3D drawing and design software in Australia and PTC Creo in the US. PWR uses MasterCam for CNC machine programming.

### (C) PWR RESEARCH AND DEVELOPMENT

PWR undertakes research and development as part of its product offer. The cost of this research and development is regularly charged to the customer. It is part of its normal design and manufacturing process. Only a portion of PWR's expenditure on research and development is able to be claimed as a tax concession.

PWR's research and development is focused on two areas:

- **PWR led development** – the PWR engineering team will conceptualise, design and develop improvements as an overall design enhancement.
- **Customer led development** – where a customer has cooling engineers and aerodynamic designers, they will suggest improvements and PWR designs and manufactures the solution.

PWR owns a number of trademarks relating to the PWR and C&R logos and holds ISO 9001:2008 certifications in Australia and the US.

## (D) BARRIERS TO ENTRY

The key barriers to new entrants in PWR's markets include:

- **Technical knowledge and intellectual property to develop and deliver customised solutions** – technical knowledge resides within the engineering, design staff and the production supervisors. Specialised manufacturing processes and equipment are integral to the delivery of these solutions.
- **Customer relationships** – PWR's dealings with motorsports teams and automotive OEMs provides PWR with access to a network of engineers.
- **Capital investment in specialised plant and equipment** – a new competitor would be required to invest in, or gain access to, the customised plant and equipment. PWR has over time developed this range of plant and equipment.

## (E) PWR FACILITIES AND PEOPLE

PWR's headquarters are located at Ormeau, Queensland where it leases two properties which house design, testing and manufacturing facilities with a CAB furnace, heat exchange core production lines, CNC machine shop, raw materials storage, research and development and design department, large fabrication capabilities and wind tunnel testing and validation facility. It includes the PWR head office, administration facilities and executive offices.

PWR also leases facilities in the US in Indianapolis, Indiana and Mooresville, North Carolina and in the UK at Tamworth, Staffordshire.

At PWR's Ormeau facility, staff are provided with uniforms, and breakfast, morning tea and lunch on each working day at the on-site dining room.

Refer to section 4 for further information on PWR's Board and management.



# 4

## OWNERSHIP, MANAGEMENT AND CORPORATE GOVERNANCE



PWR supplies cooling solutions to a number of Formula One teams

## 4.1 Board of directors

The Board of Directors oversees the business of PWR and is responsible for the corporate governance of PWR. Detailed biographies of each of the Directors are provided below.



### **BOB THORN** **CHAIRMAN**

Bob brings considerable board and senior management experience to PWR from his nine years as Managing Director of Super Retail Group. During his time at the company, Bob drove Australia and New Zealand expansions and led the creation of the Boating Camping Fishing (BCF) business, the market leader in camping and leisure. Prior to Bob's 13 years with Super Retail Group, he was previously General Manager at Lincraft, and held senior roles at other major retailers including nine years with David Jones. Bob has also been the Chairman of Cutting Edge, and a Director at WOW Sight and Sound, Babies Galore, and Unity Water. Bob is currently a non-executive director of Myer, a position he has held since February 2014. Bob was an active motorsports participant. Bob is a Member of the Australian Institute of Company Directors. Bob resides in Queensland.



### **KEES WEEL** **CEO AND MANAGING DIRECTOR**

Kees has more than 30 years of experience in the automotive cooling industry. He is a key relationship manager for top tier local and overseas customers and business development manager for all top-tier racing teams and OEMs locally and overseas. Kees also actively leads the product development management team. Kees was a team principal of PWR Racing V8 Super Car Team 1998-2007 and was a board member for Tega V8 Supercars in 2007.



### **JEFF FORBES** **INDEPENDENT NON-EXECUTIVE DIRECTOR**

Jeff has 34 years experience in senior finance and management roles with extensive mergers and acquisitions experience. Jeff retired in March 2013 as Chief Financial Officer, Executive Director and Company Secretary of Cardno, an ASX-listed engineering consultancy company which had revenue of A\$1.2 billion and a market capitalisation of A\$1.0 billion at the time.

Prior to joining Cardno, Jeff was Chief Financial Officer and Executive Director at Highlands Pacific and has previously held senior finance roles in the resources sector.

Jeff holds a Bachelor of Commerce from the University of Newcastle and is a Graduate of the Australian Institute of Company Directors. He is currently a Non-Executive Director of Affinity Education Group Limited and CMI Limited.

Jeff is also a director of unlisted companies, Herron Todd White Australia Pty Ltd and Herron Todd White Consolidated Pty Ltd, and sits on the board of not-for-profit group, Horizon Housing Company.



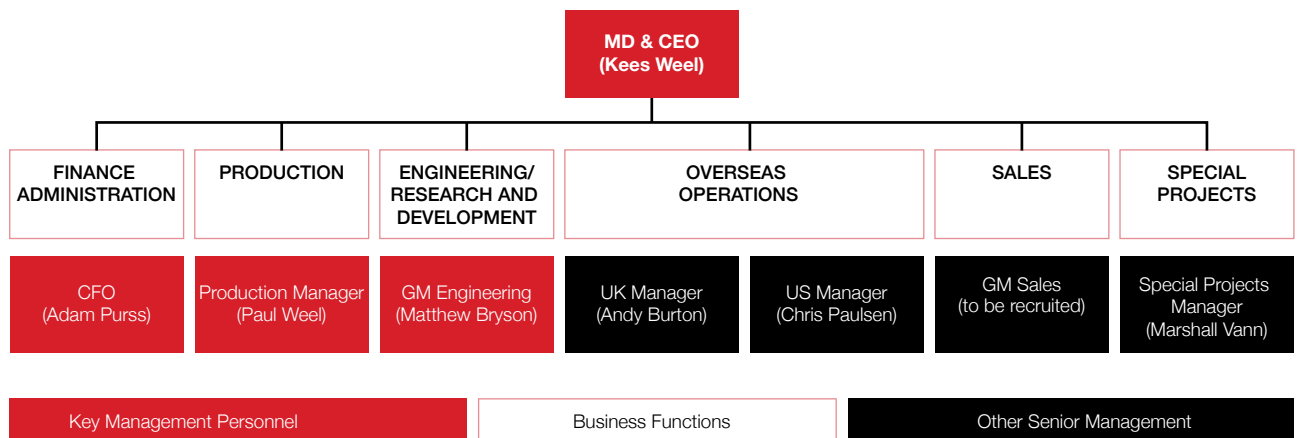
### **TERESA HANDICOTT** **INDEPENDENT NON-EXECUTIVE DIRECTOR**

Teresa has spent over 30 years practicing as a corporate lawyer, specialising in mergers and acquisitions, capital markets and corporate governance. She was a partner of national law firm Corrs Chambers Westgarth for 22 years. She served as a member of its National Board for seven years and as National Chairman for four years until she retired from the partnership in June 2015. Teresa sits on the Board of Bangarra Dance Theatre and the Queensland University of Technology's (QUT) Council, where she chairs the Audit and Risk Committee. She is a Divisional Councillor of the Queensland Division of the Australian Institute of Company Directors (AICD), a Member of Chief Executive Women (CEW) where she sits on their Scholarship Committee and a Senior Fellow of Finsia.

Teresa's previous positions include Member of the Takeovers Panel, Associate Member of the Australian Competition and Consumer Commission (ACCC), Member of the Finsia Queensland Regional Council, Director of CS Energy Limited, Principal Law Lecturer for the Securities Institute of Australia (now Finsia) and Tutor in Corporate Governance for the AICD course.

## 4.2 Management team

### PWR Senior Management



#### **ADAM PURSS** **CHIEF FINANCIAL OFFICER**

Adam is responsible for managing all finance functions at PWR. Adam is a chartered accountant and has previously worked for KPMG and was Chief Financial Officer of ASX listed City Pacific Limited for over four years. Adam joined PWR in 2013.



#### **MATTHEW BRYSON** **GENERAL MANAGER, ENGINEERING**

Matthew is responsible for R&D and design throughout the Group. He manages technical relationship management with PWR's larger Europe and UK based customers. Matthew is a qualified mechanical engineer. Matthew joined PWR in 2005.



#### **PAUL WEEL** **PRODUCTION MANAGER**

Paul is a co-founder of PWR and started making specialist aluminium radiators in 1997. Paul is responsible for the day to day management of the production facilities at PWR in Australia. Paul has extensive experience in managing key relationship customers in the US, UK and Europe.



#### **ANDY BURTON** **UK MANAGER**

Andy is responsible for day-to-day customer management for all UK and Europe based customers. Andy leads UK and European sales and business development. Andy joined PWR in 2008, having previously been a sales manager for Alcon Brakes in the UK for nine years.





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**MARSHALL VANN**  
**SPECIAL PROJECTS MANAGER**

Marshall is responsible for a range of special projects at PWR such as the C&R acquisition transaction. A chartered accountant, Marshall has broad experience across a range of sectors, having worked with Living and Leisure Group Australia and Elders Rural Bank. Marshall joined PWR in 2010.



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**CHRIS PAULSEN**  
**US MANAGER**

Chris was the founder of C&R. Upon PWR's purchase of C&R in 2015, Chris was appointed President of C&R. Chris is responsible for sales and marketing in the US and the day-to-day management of C&R.

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**LISA DALTON**  
**COMPANY SECRETARY**

Lisa is responsible for company secretarial functions at PWR. Lisa is an experienced Company Secretary and provides company secretarial support to listed entities, Seymour Whyte Limited and Traditional Therapy Clinics Limited. Lisa's past roles include Company Secretary and EGM of People and Governance at Macarthur Coal and Company Secretary of Tarong Energy. Lisa a Fellow of the Australian Institute of Company Directors and the Governance Institute of Australia. Lisa joined PWR in 2015.

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**GENERAL MANAGER, SALES**

The Board intends to recruit a General Manager, Sales in the future.

### 4.3 Remuneration and interests

See sections 8 and 9.4 for details of the remuneration and interests of, and the indemnity, access and insurance arrangements in place for Directors and officers and the remuneration of certain members of key management personnel.

### 4.4 Corporate governance

This section describes how the Board will oversee the management of PWR's business.

The Board is responsible for PWR's overall corporate governance, monitoring its operational and financial position, performance and business strategy.

The Board is committed to maximising performance, generating Shareholder value and financial return and will be responsible for the strategy for the PWR business.

The Board seeks to ensure that PWR is properly managed to protect and grow Shareholder interests. It has created a framework for management, including adopting corporate governance policies and practices.

#### (A) ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations (ASX Recommendations) for ASX listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. Under the ASX Listing Rules, PWR will be required to provide a statement in its annual report or on its website disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where it does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Board expects to comply with all of the ASX Recommendations by the end of FY16.

### BOARD OF DIRECTORS

The Board of Directors is comprised of the CEO/Managing Director (Kees Weel) and three Non-executive Directors, including the Chairman. Biographies of the Directors are provided in section 4.1.

Each Director has confirmed that they anticipate being available to perform their duties as a Director without constraint from other commitments.

The Board considers an independent Director to be a Non-executive Director who is not a member of management and who is free of any significant business or other relationship that could materially influence, or could reasonably be perceived to influence, their capacity to bring an independent judgement to bear on issues before the Board and to act in PWR's best interests.

The Board considers that each of Bob Thorn, Jeff Forbes and Teresa Handicott are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Director's unfettered and independent judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Kees Weel is currently considered by the Board not to be independent. Kees Weel is a Founder, the CEO and Managing Director, and post Listing, his associated entity will remain a substantial Shareholder in PWR, having voting power of approximately 38.4%.

Based on PWR's size and business on Listing, the Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors. The Directors consider that the Board and the Directors have the skills and commitment to enable the Board to discharge its duties effectively.

### BOARD CHARTER

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

1. the Board's composition and processes;
2. the Board's role and responsibilities; and
3. the relationship and interaction between the Board and management.

A copy of the Board charter is available on PWR's website at [www.pwr.com.au/investors](http://www.pwr.com.au/investors). A copy will be sent to you free of charge if you request one during the Offer Period.

## (B) BOARD COMMITTEES

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established standing committees to assist the Board in fulfilling its responsibilities:

- Audit and Risk Committee (Jeff Forbes (Chairman), Bob Thorn and Teresa Handicott); and
- Nomination and Remuneration Committee (Teresa Handicott (Chair), Bob Thorn and Jeff Forbes).

Each of these committees has the responsibilities described in the committee charters adopted by the Board. These charters have been prepared having regard to the ASX Recommendations. A copy of the charter for each of the above committees is available on PWR's website at [www.pwr.com.au/investors](http://www.pwr.com.au/investors). A copy of these charters will be sent to you free of charge if you request one during the Offer Period.

## (C) POLICIES

The Board adopted the following corporate governance policies, taking into account the Corporations Act, the ASX Listing Rules and the ASX Recommendations. These policies can be found on PWR's website at [www.pwr.com.au/investors](http://www.pwr.com.au/investors). A copy of any of these policies will be sent to you if you request one during the Offer Period.

**Code of Conduct** – PWR is committed to a high level of integrity and ethical standards in all business practices. The code of conduct sets out the standards of conduct and behaviour expected from Directors, officers, employees and contractors.

**Securities Trading Policy** – This policy applies to Directors, officers, employees, senior management and other key roles nominated by the Board and certain associates of these people. It sets out when they may deal in PWR securities and explains how insider trading laws affect their dealings.

**Continuous Disclosure Policy** – PWR places a high priority on communication with Shareholders and is aware of the obligations it will have after Listing under the Corporations Act and the ASX Listing Rules to keep the market appropriately informed of relevant information concerning it. This policy describes the procedures in place which are designed to ensure that PWR complies with its continuous disclosure obligations.

**Shareholder Communications Policy** – This policy describes how PWR will ensure effective communication with Shareholders to ensure they are kept appropriately informed of major developments affecting PWR.

**Diversity Policy** – This policy sets out PWR's objectives for achieving workplace diversity.

Further information about PWR's corporate governance practices is set out on PWR's website at [www.pwr.com.au/investors](http://www.pwr.com.au/investors).

## (D) COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures and policies are followed and provides advice to the Board including on matters involving corporate governance and the ASX Listing Rules. All Directors have unfettered access to the advice and services of the Company Secretary.

# 5 FINANCIAL INFORMATION



The heat exchange core manufacturing area in PWR's manufacturing facility at Ormeau



## 5.1 Introduction

This section contains both the Historical and Forecast Financial Information for PWR (collectively, the “**Financial Information**”).

- (a) Statutory Historical Financial Information, being the:
  - i. Statutory net profit after tax for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
  - ii. Statutory free cash flow for the years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
  - iii. Statutory consolidated statement of financial position at 30 June 2015.

The Statutory Historical Financial Information as explained in section 5.2 has been based on the audited accounts of PWR.

- (b) Pro Forma Historical Financial Information, being the:
  - i. Pro Forma historical consolidated statements of profit and loss and other comprehensive income for the years ended 30 June 2013, 30 June 2014, and 30 June 2015;
  - ii. Pro Forma historical consolidated statements of cash flows for the years ended 30 June 2013, 30 June 2014, and 30 June 2015; and
  - iii. Pro Forma historical consolidated statement of financial position at 30 June 2015.

The Pro Forma Historical Financial Information assumes completion of the Offer.

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively the “**Historical Financial Information**”.

- (c) Statutory Forecast Financial Information, being the:
  - i. Statutory forecast net profit after tax for the year ending 30 June 2016; and
  - ii. Statutory forecast free cash flow for the year ending 30 June 2016.
- (d) Pro Forma Forecast Financial Information, being the:
  - i. Pro Forma forecast consolidated statement of profit or loss and other comprehensive income for the year ending 30 June 2016; and
  - ii. Pro Forma forecast consolidated statement of cash flows for the year ending 30 June 2016.

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information each assume completion of the Offer.

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are collectively the “**Forecast Financial Information**”.

Section 5 also summarises:

- a) the basis of preparation and presentation of the Financial Information
- b) the Directors’ general and specific assumptions underlying the Forecast Financial Information and key sensitivities in respect to the Forecast Financial Information;
- c) PWR’s dividend policy; and
- d) the significant accounting policies of the Group.

All amounts disclosed are presented in Australian dollars and unless otherwise noted are rounded to the nearest \$0.1 million. Tables have not been amended to correct immaterial summation variances that may arise from this rounding convention.

The Financial Information has been reviewed and reported on by PwCS as set out in the Investigating Accountant’s Report contained in section 6. Investors should note the scope limitations of the Investigating Accountant’s Report.

The information in this section should also be read in conjunction with the other information contained in this Prospectus.

## 5.2 Basis of preparation and presentation of Financial Information

The Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards issued by the Australian Accounting Standards Board (“**AASB**”). The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The Prospectus includes Forecast Financial Information based on the estimate assumptions of the Directors. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Historical Financial Information.

PWR’s significant accounting policies have been consistently applied throughout the periods and are set out in section 5.10.

### 5.2.1 PREPARATION OF PRO FORMA HISTORICAL FINANCIAL INFORMATION

The Pro Forma Historical Financial Information is based on the audited financial statements of PWR for FY13, FY14 and FY15, after adjusting for certain Pro Forma transactions and/or other adjustments.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information with adjustments made to reflect the full period impact of the operating and capital structure in place following the completion of the Offer as if it was in place as at 1 July 2012. In addition, certain other adjustments to eliminate non-recurring items have been made in the year in which they occurred and estimated standalone public company costs have been reflected as set out in section 5.3.



The Historical Financial Information included in this Prospectus has been reviewed, but not audited, by PwCS and has been extracted from the special purpose consolidated financial statements of PWR for FY13 and FY14 and the general purpose Statutory consolidated financial statements of PWR for FY15. The financial statements of PWR for FY13, FY14 and FY15 were audited by KPMG. For FY13 and FY14, PWR had no statutory obligation under the Corporations Act to have its accounts audited or to appoint an auditor. The audit opinions for FY13 and FY14 were qualified by KPMG. The FY13 audit opinion was qualified on the basis that KPMG were unable to observe any procedures performed by PWR to verify the physical existence of inventory at the beginning of the financial year and at the end of the financial year. This occurred as KPMG were appointed auditors retrospectively for FY13. The FY14 audit opinion was qualified on the basis that KPMG were unable to observe any procedures performed by PWR to verify the physical existence of inventory at the beginning of the financial year. This occurred as KPMG were appointed auditors on 6 December 2013.

Refer to sections 5.3, 5.4 and 5.5 for reconciliations between:

- a) The Statutory net profit after tax and the Pro Forma net profit after tax for FY13, FY14 and FY15;
- b) The Statutory free cash flow and the Pro Forma free cash flows for FY13, FY14 and FY15; and
- c) The Statutory historical consolidated statement of financial position and the Pro Forma historical consolidated statement of financial position at 30 June 2015.

## 5.2.2 PREPARATION OF PRO FORMA FORECAST FINANCIAL INFORMATION

The Forecast Financial Information is presented on both a statutory and Pro Forma basis and has been prepared solely for the inclusion in this Prospectus.

The Forecast Financial Information has been prepared on the basis of numerous assumptions, including the Directors' best estimate general and specific assumptions set out in section 5.7. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information in this Prospectus has been reviewed, but not audited by PwCS. An Investigating Accountant's Report prepared by PwCS is included in section 6. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on PWR's actual financial performance or financial position.

Investors are advised to review the Directors' best estimate general and specific assumptions in conjunction with the significant accounting policies included in section 5.10, the sensitivity analysis set out in section 5.8, risk factors as set out in section 7 and other information set out in this Prospectus.

The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which will be outside the control of PWR, the Directors and management, and are not reliably predictable. Accordingly, none of PWR, the Directors or any other person can provide investors with any assurance that the outcomes discussed in the Forecast Financial Information will arise.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information after adjusting for Pro Forma transactions and other adjustments to reflect PWR's operations following completion of the Offer, to eliminate non-recurring items and to reflect standalone public company costs as set out in section 5.3. The Forecast Financial Information is based on the Directors' best estimate forecasts for FY16.

Refer to sections 5.3, 5.4 and 5.5 for reconciliations between:

- a) The Statutory NPAT and the Pro Forma NPAT for FY16; and
- b) The Statutory forecast free cash flow and the Pro Forma forecast free cash flow for FY16.

PWR has no intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or other factors affect the information contained in this Prospectus, except where required by law.

Investors should note that past results do not guarantee future performance.

## 5.2.3 EXPLANATION OF CERTAIN NON-IFRS MEASURES

PWR uses certain measures to manage and report on business performance that are not recognised under Australian Accounting Standards (collectively referred to as "**non-IFRS financial measures**").

These non-IFRS financial measures include:

- **EBITDA:** earnings before interest (including borrowing costs), tax, depreciation and amortisation;
- **EBIT:** earnings before interest (including borrowing costs and foreign exchange gains and losses) and tax; and
- **Free cash flow:** cash generated from operating activities less capital expenditure on tangible assets (excluding business acquisitions).

Although the Directors believe that these measures provide useful information about the financial performance of PWR, they should be considered as supplements to the income statement and cash flow measures that have been presented in accordance with Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way PWR calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

### 5.3 Pro Forma Historical and Forecast Consolidated Statements of Profit or Loss and Other Comprehensive Income

Table 5.1 sets out the Pro Forma historical consolidated statements of profit or loss and other comprehensive income for FY13, FY14 and FY15 and the Pro Forma forecast consolidated statement of profit or loss and other comprehensive income for FY16.

**Table 5.1**

#### Pro Forma Historical and Forecast Consolidated Statements of Profit or Loss and Other Comprehensive Income

A\$'000	HISTORICAL		FORECAST	
	FY13 PRO FORMA	FY14 PRO FORMA	FY15' PRO FORMA	FY16' PRO FORMA
Revenue	16,624	22,478	32,526	46,994
Other income	137	121	89	60
Raw materials and consumables used	4,017	3,981	7,439	11,982
Employee expenses	5,418	6,522	9,297	14,376
Occupancy expenses	743	751	1,081	1,607
Other expenses	1,905	2,126	2,726	2,927
<b>EBITDA</b>	<b>4,678</b>	<b>9,219</b>	<b>12,072</b>	<b>16,162</b>
<b>EBITDA margin</b>	<b>28%</b>	<b>41%</b>	<b>37%</b>	<b>34%</b>
Depreciation and amortisation	745	797	814	1,144
<b>EBIT</b>	<b>3,934</b>	<b>8,422</b>	<b>11,258</b>	<b>15,018</b>
Finance income	34	10	714	
Finance costs	35	162	96	73
<b>Profit before income tax</b>	<b>3,932</b>	<b>8,270</b>	<b>11,876</b>	<b>14,945</b>
Income tax expense	1,027	2,323	3,416	4,483
<b>Pro Forma net profit after tax</b>	<b>2,906</b>	<b>5,947</b>	<b>8,460</b>	<b>10,462</b>

**Note:**

1. **C&R acquisition** – C&R acquisition settled on 27 March 2015. FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.

Financial results for C&R pre-acquisition have not been included in the Pro Forma profit or loss or cash flows for FY13, FY14 and FY15 as the available information has not been audited and the business' cost base has changed post-acquisition.

Set out in Table 5.2 is a summary of PWR's growth metrics on a Pro Forma historical basis for FY14 and FY15 and Pro Forma forecast for FY16.

**Table 5.2**

#### Pro Forma growth rates

	HISTORICAL		FORECAST
	FY14 PRO FORMA	FY15' PRO FORMA	FY16' PRO FORMA
Revenue growth	35%	45%	44%
EBITDA growth	97%	31%	34%
EBIT growth	114%	34%	33%
NPAT growth	105%	42%	24%

**Note:**

1. **C&R acquisition** – C&R acquisition settled on 27 March 2015. FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.

Table 5.3 sets out the Pro Forma adjustments that have been made to the Historical and Forecast consolidated statements of profit and loss and other comprehensive income to reflect the impact of the operating and capital structure that will be in place following Completion as if it was in place as at 1 July 2012.

**Table 5.3**

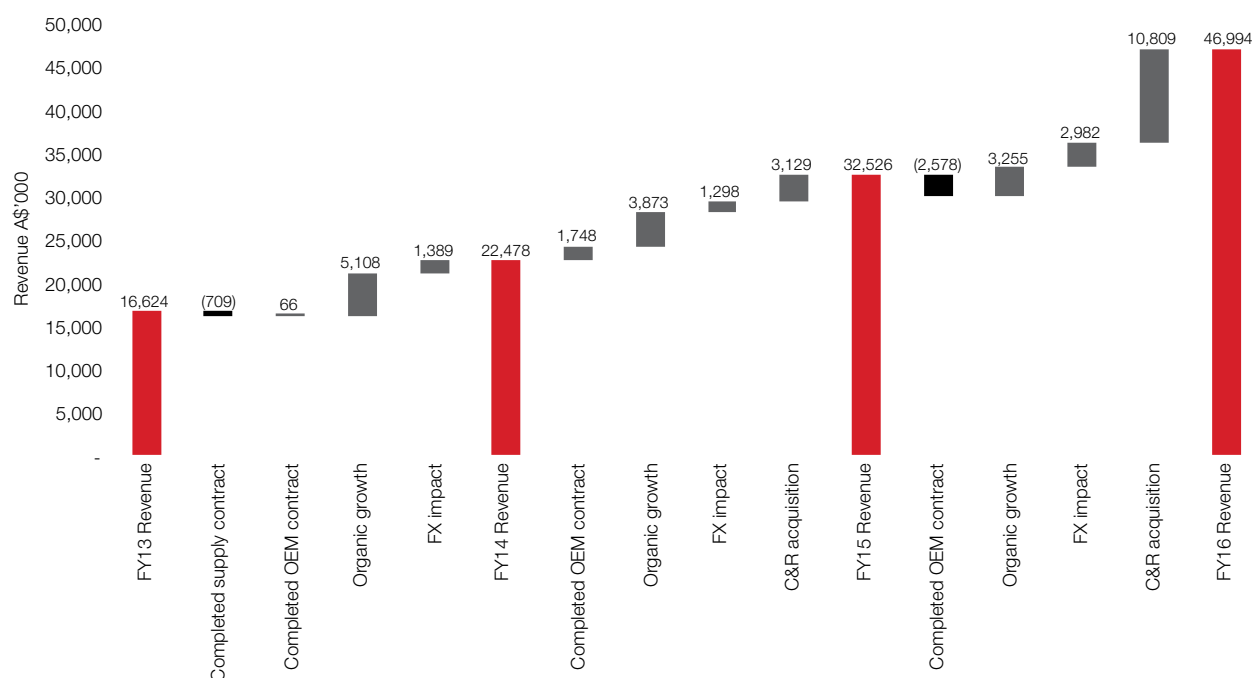
**Reconciliation of Pro Forma net profit after tax to statutory net profit after tax**

A\$'000	NOTES	HISTORICAL		FORECAST	
		FY13	FY14	FY15 <sup>1</sup>	FY16 <sup>1</sup>
<b>Pro Forma net profit after tax</b>		<b>2,906</b>	<b>5,947</b>	<b>8,460</b>	<b>10,462</b>
Public company costs	2	953	953	953	
Royalties charged	3	(761)	(1,042)		
Professional fees	4	(278)			
Offer costs	5				(2,818)
Interest expense and facility fees	6		(59)	(311)	(235)
Income tax effect	7	26	45	(193)	916
<b>Statutory net profit after tax</b>		<b>2,845</b>	<b>5,843</b>	<b>8,910</b>	<b>8,325</b>

**Notes:**

- C&R acquisition** – C&R acquisition settled on 27 March 2015. Only FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.
- Public company costs** – An adjustment has been made to include PWR's estimate of the incremental annual costs that it will incur as a public company. These incremental costs include share registry fees, Non-executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal costs, listing fees, investor relation costs, as well as annual general meeting and annual report costs.
- Royalties charged** – An adjustment has been made in FY13 and FY14 where a royalty on sales was charged to PWR by a related entity. This has not been charged from 1 July 2014 onwards.
- Professional fees** – An adjustment has been made for external fees incurred by PWR in FY13 resulting in a corporate restructure. This was a one-off project that did not relate to the operations of the PWR business.
- Offer costs** – An adjustment to reflect estimated offer costs incurred by PWR of \$4.0 million (including GST but pre-tax) of which \$2.8 million (\$1.9 million tax effected) will be expensed for FY16 and \$1.2 million (\$0.9 million tax effected) will be charged directly against equity in FY16.
- Interest expense and facility fees** – Interest expense and facility fees has been adjusted to reflect the capital structure that will be in place following Completion.
- Income tax effect** – An adjustment has been made to reflect the tax impact of the Pro Forma adjustments.

**Revenue bridge FY13 to FY16**



**Note: C&R acquisition** – C&R acquisition settled on 27 March 2015. Only FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.

### 5.3.1 HISTORICAL PRO FORMA STATEMENTS OF PROFIT AND LOSS – MANAGEMENT DISCUSSION AND ANALYSIS

#### GENERAL FACTORS AFFECTING THE OPERATING RESULTS

Below is a discussion of the main factors which affected PWR’s operations and relative financial performance in FY13, FY14 and FY15. The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected PWR’s historical operating and financial performance, or everything that may affect PWR’s operations and financial performance in the future.

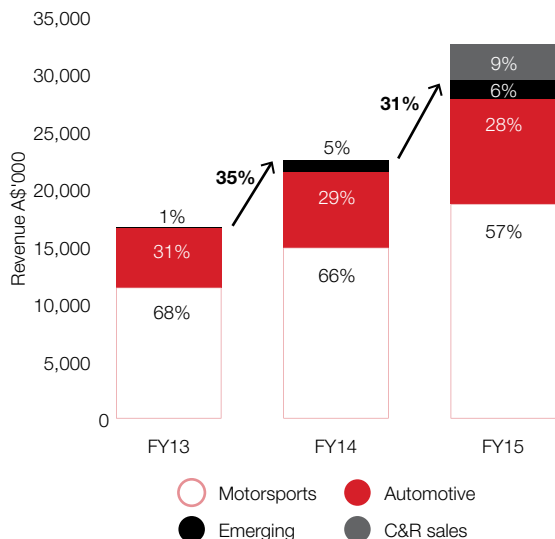
#### REVENUE

PWR has a growing base of repeat customers and operates largely on a purchase order basis with customers ordering products and services as required rather than entering into longer term commitments. This is primarily due to:

- Customised nature of products ordered by motorsports customers; and
- Aftermarket customers typically order on an as-needed basis.

PWR currently derives the majority of its revenue from the motorsports and automotive cooling segments. In FY13 it expanded into the emerging technologies market and it anticipates that revenue will continue to grow from this segment in future years.

#### Revenue growth in key segments highlighting PWR organic growth rates



**Note:** PWR revenue FY13 to FY15. Growth percentages are based on PWR results and exclude additional sales from the acquisition of C&R in FY15.

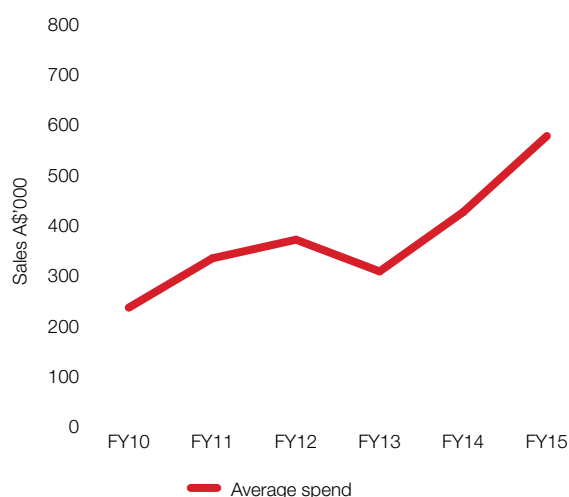
PWR’s revenue increased by 35% from FY13 to FY14, reflecting:

- Motorsports revenue growth of 30% to \$14.9 million, primarily driven by an increase in sales to Formula One customers with a change in the engine specification from the 2013 season to the 2014 season when engine capacity was reduced and forced induction introduced;
- Automotive revenue growth of 28% to \$6.6 million with the appointment of a dedicated sales manager in October 2013 and the ramp-up of a large OEM order;
- From a low base, emerging technologies revenue grew from approximately \$100,000 to approximately \$1 million through cold plate technology development and sales to motorsports customers; and
- Discontinued supply of controlled brake components to the Australian motorsports segment.

PWR’s revenue increased by 45% from FY14 to FY15, reflecting:

- Motorsports revenue growth of 36% to \$20.2 million, primarily due to growth in key customers in major race series. The chart below shows the average spend and number of motorsports customers with an average spend of more than \$50,000 from FY10 to FY15;
- Automotive revenue growth of 62% to \$10.6 million reflecting growth in aftermarket sales in Australia, the ramp-up of a new distribution agreement in Australia and completion of the large OEM order that commenced in the previous year;
- Emerging technologies revenue growth of 63% achieved through the development and sale of battery cooling solutions to motorsports customers and securing initial orders for the development and sale of cooling solutions to non-motorsports customers; and
- The acquisition of C&R on 27 March 2015, which contributed \$3.1 million in FY15. Note that C&R sales are included in motorsports and automotive revenue.

#### Motorsports customers which spent more than A\$50,000 per annum FY10 to FY15

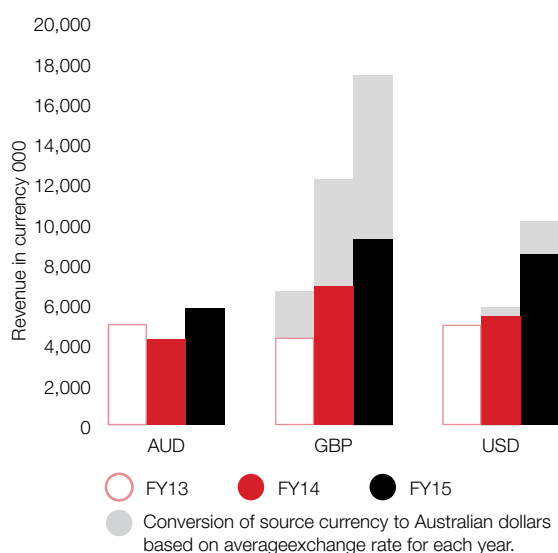


**Note:** Average spend per overseas motorsports customer in Australian dollars based on average annual foreign exchange rate. Excludes C&R sales and sales of discontinued supply of controlled brakes to Australian motorsports in FY13. Figures for FY10, FY11 and FY12 are unaudited.

## FOREIGN EXCHANGE

A significant proportion of PWR's revenue is derived in currencies other than Australian dollars. The depreciation of the Australia dollar against the British pound and the US dollar had a positive impact on PWR's revenue between FY13 and FY15. The following chart illustrates PWR's revenue for FY13, FY14 and FY15 in local currencies, indicating underlying revenue growth in local currencies over the period under review.

### Revenue received by PWR in the different currencies for FY13, FY14 and FY15.



**Note:** Intercompany transactions eliminated. FY15 includes C&R sales from 28 March 2015 to 30 June 2015. FY13 AUD includes ~\$0.7 million for non-cooling products which have been discontinued

## COSTS

**Table 5.4**

### Pro Forma expense ratios

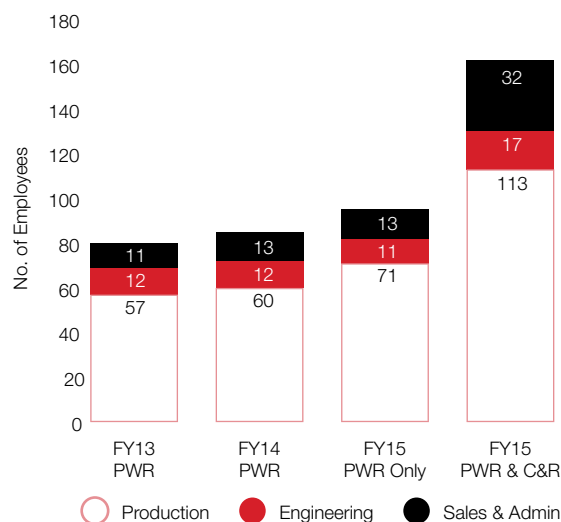
COSTS AS A % OF REVENUE	HISTORICAL		
	FY13 PRO FORMA	FY14 PRO FORMA	FY15 <sup>1</sup> PRO FORMA
Employee expenses	33%	29%	29%
Raw materials and consumables used	24%	18%	23%
Occupancy expenses	4%	3%	3%
Other expenses	11%	9%	8%

**Note:** C&R acquisition settled on 27 March 2015. FY15 includes C&R trading from 28 March 2015 to 30 June 2015.

## EMPLOYEE EXPENSES

The primary cost of doing business for PWR is employee expenses. In FY13, the employee expense to revenue ratio was 33%. Through control of its costs plus an increased level of higher margin business, the ratio reduced to 29% in FY14 and FY15. As illustrated in the chart below, the acquisition of C&R has significantly increased the employee headcount but this only had an impact on FY15 employee expenses from 28 March 2015.

### Employee headcount FY13 to FY15



**Note:** Based on employee headcount at end of each financial year

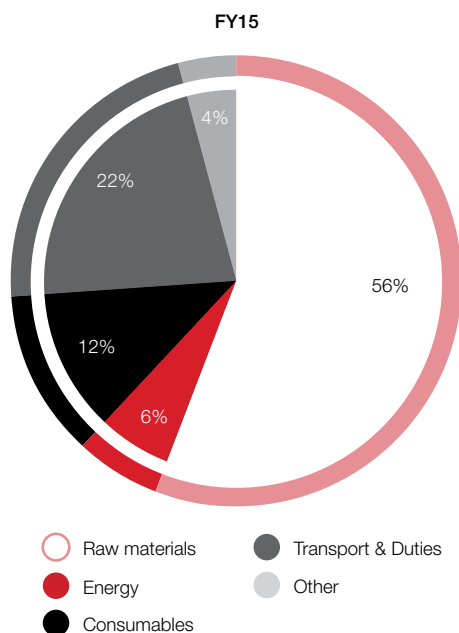
## RAW MATERIALS AND CONSUMABLES USED

Raw materials and consumables used includes raw material consumption, movement in stock levels, and other manufacturing related expenses such as energy, consumables, repairs, replacements and transport costs. These expenses tend to move in line with revenue growth, however a number of expenses such as energy and consumables are relatively fixed compared to revenue.

Raw material and consumables costs as a percentage of revenue fell from 24% in FY13 to 18% in FY14 due to the increased technical complexity of solutions being supplied with a reduced requirement for raw materials. The raw materials and consumables used to revenue ratio increased to 23% in FY15 primarily reflecting the impact from the acquisition of C&R. As C&R does not manufacture the heat exchange cores of its coolers, its raw materials and other consumables used includes the acquisition of heat exchange cores.



## Key components of raw materials and consumables used FY15



**Note:** Component expenses as percentage of raw materials and consumables used in FY15 including C&R since acquisition

## OCCUPANCY EXPENSES

Occupancy expenses are relatively fixed as a percentage of revenue and have averaged between 3% and 4% of revenue over FY13 to FY15. All premises used by PWR are leased under long term arrangements. The leases are with related parties and have annual CPI increases plus PWR's share of outgoings. Refer section 8(D) for more information on the leases.

## OTHER EXPENSES

Other expenses are primarily travel costs, marketing costs and professional costs. Management targets to keep other expenses within budget guidelines. This is reflected in a falling percentage of other expenses to revenue from FY13 to FY14 and FY14 to FY15.

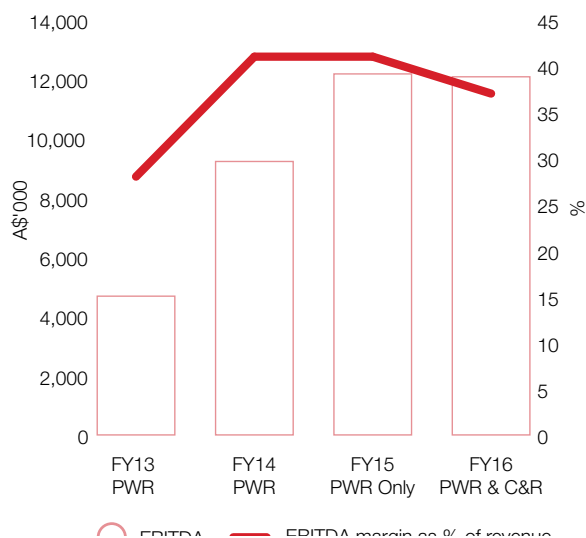
## EBITDA

PWR experienced strong growth in EBITDA margins from 28% in FY13 to 41% in FY14. This was primarily driven by the uplift in motorsports revenue with a higher technical requirement, particularly to Formula One customers as discussed above.

EBITDA margins fell from FY14 to FY15 to 37%, primarily due to the impact of the acquisition of C&R. PWR's EBITDA margin (excluding C&R) increased to 43%.

C&R historically has been a lower EBITDA margin business (see table 5.5) given it is primarily a fabrication and assembly business that sources the higher technology core component in the cooling systems from third parties (including PWR). C&R's stand-alone contribution to PWR's results from 28 March 2015 to 30 June 2015 was incremental revenue of \$3.1 million with a negative EBITDA impact of \$0.1 million.

## EBITDA and EBITDA margins



**Note:** PWR Only FY15 EBITDA margin is calculated by backing out C&R external results since acquisition.

## C&R ACQUISITION

The business of C&R was acquired on 27 March 2015. PWR paid a combination of cash (US\$5.5 million), equity in PWR (3.5% of shares issued) and assumed certain asset finance liabilities (US\$0.2 million) which were extinguished in FY15.

Table 5.5 below is a summary of C&R's full year Pro Forma historical financial information in FY13, FY14 and FY15.

The financial information has been extracted from the historical C&R management accounts and converted to Australian dollars and is unaudited.

**Table 5.5**

## C&R Historical Summarised Pro Forma Revenue and EBITDA

A\$'000	FY13	FY14	FY15
Revenue	9,204	10,315	14,319
EBITDA	207	391	522
EBITDA margin	2%	4%	4%

Revenue in FY13 was adversely affected by the loss of the work relating to IndyCar as this race series moved to a standard specification. C&R sought alternate work to replace this work during FY13 and had achieved growth in the military sector. The US federal government sequestration which commenced in March 2013 significantly reduced spending on military programs that C&R were working on. This reduction eased in FY15, C&R picked up significant non-cooling related fabrication work and started to make more inroads into the US high performance automotive aftermarket during this year. EBITDA margin has improved off the back of this additional work whilst maintaining a relatively fixed cost of doing business.

## 5.4 Pro Forma Historical and Consolidated Forecast Statements of Cash Flows

Table 5.6 is a summary of PWR's Pro Forma historical consolidated statements of cash flows for FY13, FY14 and FY15 and the Pro Forma forecast consolidated statement of cash flows for FY16.

**Table 5.6**

### Pro Forma Historical and Forecast Consolidated Statements of Cash Flows

A\$'000	NOTES	HISTORICAL		FORECAST	
		FY13 PRO FORMA	FY14 PRO FORMA	FY15 <sup>1</sup> PRO FORMA	FY16 <sup>1</sup> PRO FORMA
Cash receipts from customers		16,709	21,654	35,016	47,041
Cash paid to suppliers and employees		(13,334)	(14,592)	(21,905)	(28,872)
<b>Pro Forma cash generated from operating activities</b>		<b>3,375</b>	<b>7,062</b>	<b>13,111</b>	<b>18,169</b>
Interest paid		(161)	(128)	(96)	–
Income tax paid		(697)	(1,213)	(3,605)	(4,489)
<b>Pro Forma operating cash flow</b>		<b>2,517</b>	<b>5,720</b>	<b>9,411</b>	<b>13,680</b>
Capital expenditure	2	(447)	(675)	(997)	(1,932)
<b>Pro Forma free cash flow</b>		<b>2,069</b>	<b>5,045</b>	<b>8,414</b>	<b>11,748</b>

#### Notes

- C&R acquisition** – C&R acquisition settled on 27 March 2015. Only FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.
- Capital expenditure** – FY16 includes the acquisition and installation of a new CNC machine at PWR in the first half of the year. This has been purchased to enable PWR to increase its ability to run unmanned machining. The purchase price is \$1 million including estimated installation costs.
- Dividends** – As noted in section 5.8, the Board's intention is to pay a dividend of between 40% to 60% of NPAT.

Financial results for C&R pre-acquisition have not been included in the Pro Forma profit or loss or cash flows for FY13, FY14 and FY15 as the available information has not been audited and the business' cost base has changed post-acquisition.

Table 5.7 sets out the reconciliation of Pro Forma EBITDA to Pro Forma cash generated from operating activities for the historical period FY13, FY14 and FY15 and the forecast period FY16.

**Table 5.7**

### Reconciliation of Pro Forma EBITDA to Pro Forma cash generated from operating activities

A\$'000	HISTORICAL		FORECAST	
	FY13 PRO FORMA	FY14 PRO FORMA	FY15 <sup>1</sup> PRO FORMA	FY16 <sup>1</sup> PRO FORMA
<b>Pro Forma EBITDA</b>	<b>4,678</b>	<b>9,219</b>	<b>12,072</b>	<b>16,162</b>
Change in working capital	(1,303)	(2,157)	1,039	2,007
<b>Pro Forma net cash flow from operating activities</b>	<b>3,375</b>	<b>7,062</b>	<b>13,111</b>	<b>18,169</b>

#### Note:

- C&R acquisition** – C&R acquisition settled on 27 March 2015. Only FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.

Table 5.8 sets out the Pro Forma adjustments that have been made to the Historical and Forecast free cash flow to reflect the impact of the operating and capital structure that will be in place following Listing as if it was in place as at 1 July 2012.

**Table 5.8****Reconciliation of Pro Forma free cash flow to Statutory free cash flow**

A\$'000	NOTES	HISTORICAL		FORECAST	
		FY13	FY14	FY15 <sup>1</sup>	FY16 <sup>1</sup>
<b>Pro Forma free cash flow</b>		<b>2,069</b>	<b>5,045</b>	<b>8,414</b>	<b>11,748</b>
Public company costs	2	953	953	953	
Professional fees	3	(278)			
IPO costs expensed	4				(2,818)
FY15 income tax prepayment	5			(1,849)	1,849
Interest expense and facility fees	6		(59)	(170)	(235)
Income tax effect	7	(202)	(268)	(235)	239
<b>Statutory free cash flow</b>		<b>2,542</b>	<b>5,671</b>	<b>7,114</b>	<b>10,782</b>

**Notes:**

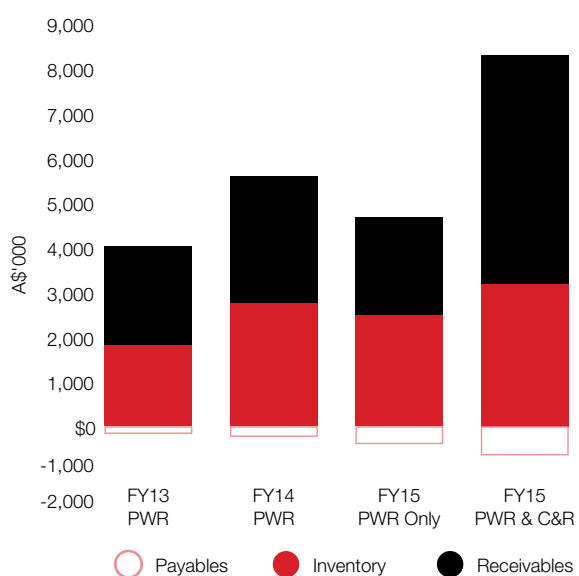
- C&R acquisition** – C&R acquisition settled on 27 March 2015. Only FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.
- Public company costs** – An adjustment has been made to include PWR's estimate of the incremental annual costs that it will incur as a public company. These incremental costs include share registry fees, Non-executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal costs, listing fees, investor relation costs, as well as annual general meeting and annual report cost.
- Professional fees** – An adjustment has been made for external fees incurred by PWR in FY13 resulting in a corporate restructure. This was a one-off project that did not relate to the operations of the PWR business.
- Offer costs** – An adjustment to reflect estimated offer costs incurred by PWR of \$4.0 million (pre-tax) of which \$2.8 million (\$2.6 million tax effected) will be expensed to the Income Statement for FY16. The remaining \$1.2 million (0.9 million tax effected) will be capitalised into equity.
- FY15 income tax prepayment** – PWR paid the July 2015 income tax instalment and the FY15 final tax estimate prior to 30 June 2015. These payments were not due until during FY16.
- Interest expense and facility fees** – Interest expense and facility fees has been adjusted to reflect the capital structure that will be in place following Completion.
- Income tax effect** – An adjustment has been made to reflect the tax impact of the Pro Forma adjustments.
- Royalties** – No adjustment has been made in FY13 and FY14 for royalties on sales charged by a related entity as this was not paid in cash.

## 5.4.1 CASH FLOWS – MANAGEMENT DISCUSSION AND ANALYSIS

### GENERAL FACTORS AFFECTING THE CASH FLOWS OF PWR

Working capital grew from FY13 to FY14 as PWR increased finished goods stock levels for a major OEM supply contract, and cash flow was consumed with this stock build-up. From FY14 to FY15, the stock was reduced as the contract reached full supply, and finished goods levels reduced. Trade receivables are a growing component of the business, with more customers and increased revenue, however collection cycles remain sound with few debtors trading outside of their trading terms. Creditors are generally paid within 30 days from the end of month in Australia and UK with creditors being paid within 30 days from invoice date in the US. The acquisition of C&R has significantly increased working capital levels as this business carries a proportionally higher level of inventory.

### Working capital overview



**Note:** Working capital of PWR for FY13, FY 14 and FY15 and PWR and C&R for FY15.

## 5.5 Pro Forma Historical Consolidated Statement of Financial Position as at 30 June 2015

Set out in Table 5.9 is the audited PWR Consolidated Statement of Financial Position at 30 June 2015. Pro Forma adjustments have been made to take into account the effect of the Offer proceeds and transaction costs. These adjustments reflect the impact of the operating and capital structure that will be in place following Completion of the Offer as if they had occurred or were in place as at 30 June 2015.



**Table 5.9****Pro Forma Historical Consolidated Statement of Financial Position**

<b>AS\$'000</b>	<b>AUDITED FY15</b>	<b>IMPACT OF OFFER<sup>1</sup></b>	<b>DEBT REPAYMENT<sup>2</sup></b>	<b>PRO FORMA FY15</b>
<b>Current Assets</b>				
Cash and cash equivalents	1,006	20,150	(21,450)	(294)
Trade and other receivables	4,315			4,315
Inventories	5,107			5,107
Current tax assets	170	240		410
Other assets including derivatives	1,412		(1,001)	411
<b>Total Current Assets</b>	<b>12,009</b>			<b>9,948</b>
<b>Non-Current Assets</b>				
Plant & Equipment	4,728			4,728
Deferred tax assets	656	960		1,616
Intangible assets	14,172			14,172
<b>Total Non-Current Assets</b>	<b>19,556</b>			<b>20,516</b>
<b>Total Assets</b>	<b>31,565</b>			<b>30,464</b>
<b>Current Liabilities</b>				
Trade and other payables	1,850			1,850
Loans and borrowings	5,579		(4,727)	853
Employee benefits	869			869
Provisions	100			100
<b>Total Current Liabilities</b>	<b>8,397</b>			<b>3,671</b>
<b>Non-Current Liabilities</b>				
Employee benefits	116			116
Loans and borrowings	17,794		(17,725)	70
<b>Total Non-Current Liabilities</b>	<b>17,910</b>			<b>186</b>
<b>Total Liabilities</b>	<b>26,307</b>			<b>3,856</b>
<b>Net Assets</b>	<b>5,258</b>			<b>26,608</b>
<b>Equity and Reserves</b>				
Shareholders' funds	2,553	23,323		25,876
Retained earnings	2,173	(1,973)		200
Reserves	531			531
<b>Total Equity</b>	<b>5,258</b>			<b>26,608</b>

**Notes:**

- Impact of offer** – Reflects proceeds raised under the Offer of \$24.2 million and payment of the estimated Offer Costs of \$4.0 million, which have been taken to cash. Cash proceeds of the Offer are based on the issue of 16.1 million Shares and an Offer Price of \$1.50 per Share. The negative Pro Forma cash balance arises as the impact of operating cash inflows generated between 1 July 2015 and the date of listing have been ignored.  
A deferred tax asset of \$1.2m (current \$0.24 million and non-current \$0.96 million) (\$4.0 million multiplied by 30% corporate tax rate) has been raised as the Offer Costs are not immediately tax deductible and will be deductible over five years.  
Contributed equity has been adjusted for the value of the Offer (\$23.9 million) offset by the tax effected costs directly attributable to the issue of New Shares of \$0.9 million (\$1.2 million less \$0.3 million tax credit).  
Retained earnings has been adjusted for the tax effected costs directly attributable to the Offer in relation to the sale of the Founders Shares under the Offer of \$1.9 million (\$2.8 million less \$0.9 million tax credit).
- Debt repayment** – In September 2015, PWR used existing cash of \$1.3 million to amortise outstanding loans and borrowings by 0.4 million British pounds (\$0.9 million) and 0.3 million US dollars (\$0.4 million). Cash proceeds from the Offer of \$20.2 million will be used to repay the outstanding British pounds debt and US dollar debt facilities totalling \$21.5 million (current \$4.7 million, non-current \$17.7 million) and to settle a currency hedging derivative asset of \$1.0 million.

## 5.6 Financial Position – Management discussion and analysis

### INTANGIBLE ASSETS

Intangible assets as at 30 June 2015 comprise:

**Table 5.10**

#### Asset description

A\$'000	
PWR trademarks	8,432
C&R trademark	2,553
Goodwill on acquisition of C&R	3,186

The Group acquired the PWR trademarks on 30 June 2015 from an entity controlled by the Founders for cash. The purchase price was based on fair value determined using the relief from royalty method. As at 30 June 2015, the value of the C&R trademark was based on its fair value which was determined using the relief from royalty method. The C&R business was acquired with a combination of cash, shares issued and the assumption of asset finance liabilities.

### LIQUIDITY AND CAPITAL RESOURCES

At the completion of the Offer, PWR will have a working capital facility of \$0.5 million and an asset finance facility of \$5.0 million (drawn to \$1.6 million). The Directors believe these facilities, the cash flows generated by PWR after 30 June 2015 and its balance sheet flexibility will be sufficient to enable the Group to fund its current growth strategies.

### CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Table 5.11 is a summary of PWR's Pro Forma contractual obligations and commitments at 30 June 2015 (adjusted as though the Offer had completed at that date), and includes operating lease commitments, financing lease commitments, and contracted capital expenditure obligations.

**Table 5.11**

#### Pro Forma commitments at 30 June 2015

A\$'000	FINANCE LEASES <sup>1</sup>	OPERATING LEASES <sup>2</sup>	CAPITAL EXPENDITURE <sup>3</sup>
Less than 1 year	853	1,438	723
1 to 5 years	70	6,047	–
Over 5 years	–	6,188	–
<b>Total</b>	<b>923</b>	<b>13,673</b>	<b>723</b>

#### Notes:

- Finance leases** – PWR uses asset finance as an adjunct to cash flow when purchasing capital equipment. Equipment subject to asset finance is located at its factory facility at Ormeau.
- Operating leases** – PWR leases its office and factory facilities in Australia, UK and US. All leases are from related parties under operating leases. Refer to section 8(D).
- Capital commitments** – PWR has committed to purchase a new CNC machine for its production facilities in Australia. Delivery is expected in the December 2015 quarter. The amount shown reflects the acquisition cost less deposit paid and excludes installation costs.

## 5.7 Forecast Financial Information

**Table 5.12**

#### Summary of key Pro Forma historical and forecast earnings and cash flow information

A\$'000	HISTORICAL			FORECAST
	FY13 PRO FORMA	FY14 PRO FORMA	FY15 <sup>1</sup> PRO FORMA	FY16 <sup>1</sup> PRO FORMA
Revenue	16,624	22,478	32,526	46,994
EBITDA	4,678	9,219	12,072	16,162
EBIT	3,934	8,422	11,258	15,018
Pro Forma net profit after tax	2,906	5,947	8,460	10,462
Pro Forma free cash flow	2,069	5,045	8,414	11,748

#### Note:

- C&R acquisition** – C&R acquisition settled on 27 March 2015. FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.

### 5.7.1 GENERAL ASSUMPTIONS

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

- No material change in the competitive operating environment in which PWR operates;
- No material changes to the format, specifications or timing of key motorsports race series;
- No significant deviation from current market expectations of global or Australian economic conditions relevant to PWR’s industry in Australia or elsewhere for the period;
- No material changes in government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy, in the jurisdictions that PWR operates in, that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of PWR during the forecast period;
- No material changes in key personnel;
- No material changes in applicable Australian Accounting Standards, other mandatory professional reporting requirements or the Corporations Act which have a material effect on PWR’s financial performance, financial position, accounting policies, financial reporting or disclosure;
- No material industry strikes or other disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of PWR;
- No material cash flow or profit or loss or financial position impact in relation to litigation (existing or otherwise);
- No material acquisitions or disposals of businesses;
- No material disruptions to the continuity of operations of PWR nor other material changes in its business;
- No material amendment to any material agreement or arrangement relating to PWR’s business;
- The risks listed in section 7 do not have a material adverse impact on the operations of PWR; and
- The Offer proceeds are received in accordance with the timetable and terms detailed in section 2 of the Prospectus and are underwritten.

### 5.7.2 SPECIFIC ASSUMPTIONS

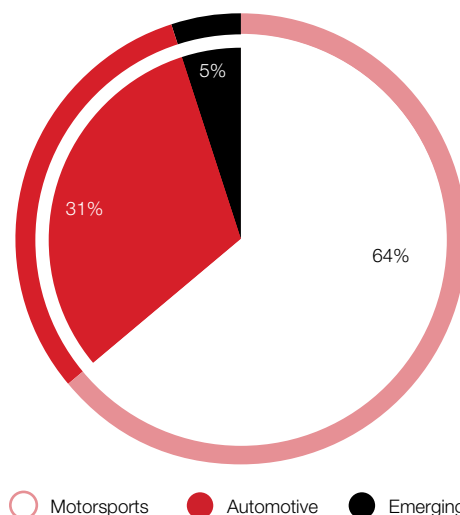
In preparing the Forecast Financial Information, the following specific best estimate assumptions have been adopted:

#### REVENUE

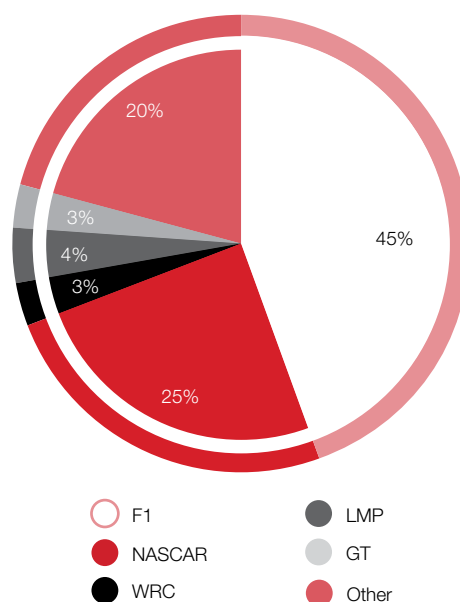
The forecast revenue has been determined by:

1. Reviewing prior year sales and product mix;
2. Determining what customer sales and sales categories are considered to be recurring based on history;
3. Determining if any customer from the prior year is likely to change their purchasing in the forecast period in either sales price, sales quantity or timing of purchase;
4. Assessing the pipeline of potential new customers and determining what stage of development they are at;
5. Based on previous experience with either the customer or the sales sector, assessing whether new customers or existing customers will produce additional sales; and
6. Sales activities planned, increased sales and engineering resources.

### FY16 category sales analysis



### FY16 race category sales analysis



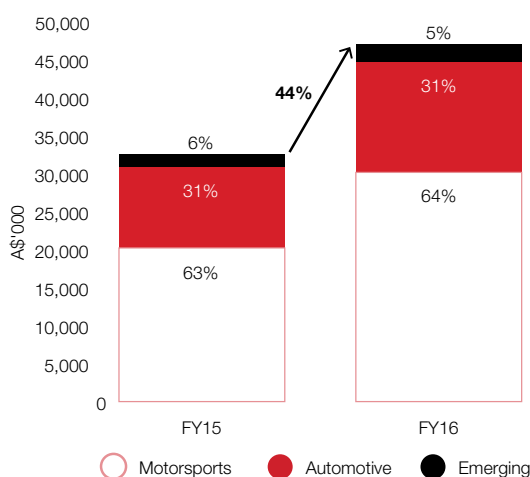
**Note:** FY16 category sales are compared to revenue. FY16 race category sales analysis compares significant race series to the total revenue from the motorsports categories.

PWR's revenue is forecast to increase by 44% in FY16, based on the following key assumptions:

- Motorsports revenue growth of 49% to \$30.1 million. This growth is expected to be delivered through:
  - new motorsports customers;
  - an increase in the average spend per customer primarily from supplying additional cooling and associated products to existing customers; and
  - a full year contribution of C&R revenue (primarily relating to NASCAR), versus three months contribution in FY15;
- Automotive revenue growth of 37% to \$14.5 million. The growth in automotive is expected to be achieved through:
  - the full year impact of an additional sales person employed in late FY15 to service the Australian automotive aftermarket industries;
  - growth in sales through third party distribution arrangements;
  - development work for potential new OEM contracts;
  - additional sales to military and industrial customers; and
  - a 12 month contribution from sales to C&R's non-motorsports customers.
- Emerging technologies revenue growth of 38% to \$2.3 million. The growth in emerging technology markets is expected through the increased sales of battery cell cooling technology in motorsports.

C&R sales are forecast to be broadly consistent with C&R's full year FY15 sales. As noted in section 3.2, PWR purchased C&R to extend its footprint in the US and to use this footprint to increase traction in key US markets such as small production run OEM cars and the US aftermarket. The impacts from this strategy fall predominantly outside the forecast period.

### Forecast revenue growth in key markets



**Note:** C&R acquisition – C&R acquisition settled on 27 March 2015. Only FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.

### FOREIGN CURRENCIES

Exchange rates for the forecast period have been assumed at 0.47 for Australian dollar to GB pound and 0.72 for Australian dollar to US dollar for the full FY16 year. These rates have been adopted after consideration of the consensus exchange rate forecasts of three of the major Australian banks. Refer to section 5.8 for sensitivities around exchange rates.

### COSTS

**Table 5.13**

### Key Pro Forma historical and forecast cost information

A\$'000	HISTORIC			FORECAST
	FY13 PRO FORMA	FY14 PRO FORMA	FY15 <sup>1</sup> PRO FORMA	FY16 <sup>1</sup> PRO FORMA
Raw materials and consumables used	4,017	3,981	7,439	11,982
Employee expenses	5,418	6,522	9,297	14,376
Occupancy expenses	743	751	1,081	1,607
Other expenses	1,905	2,126	2,726	2,927

#### Notes

1. **C&R acquisition** – C&R acquisition settled on 27 March 2015. Only FY15 includes C&R trading from 28 March 2015 to 30 June 2015. FY16 includes a full year of C&R forecast trading.

The cost of raw materials and consumables used is forecast to increase from 23% of revenue in FY15 to 25% of revenue in FY16. This is a function of C&R having a higher cost of production as a percentage of revenue than PWR. FY15 had C&R costs of production included from 28 March 2015, whereas FY16 reflects a full year of C&R costs. PWR assumes a percentage of manufactured revenue for major manufacturing cost lines based on historical trends plus a review of any expected changes in production activities that may have an impact on the forecast period.

Employee expenses have been forecast on a headcount basis with reference to headcount, overtime and on-costs levels in prior years, anticipated changes in wage rates and salaries in the Forecast Period and expected changes in business processes during the Forecast Period. C&R has historically had a higher percentage of employee expenses to revenue than PWR. This is reflected in an increase in the employee expenses to revenue ratio from 29% in FY15 to 31% in FY16.

The increase in occupancy expenses is based on a full year's financial impact from the leases signed on C&R facilities in Indianapolis and Mooresville as part of the acquisition of C&R. All occupancy expenses are as per lease conditions and any expected cost increases have been determined in accordance with lease terms. Refer section 8(D) for terms and conditions of all properties under lease by PWR.



Other expenses include travel costs, marketing costs and professional costs. Other expenses as a percentage of revenue are forecast to fall from the 8% in FY15 to 6% in FY16. This is due to the increasing revenue base of the expanded PWR and C&R group. Forecast other expenses are determined by reference to amounts spent in prior years, any changes of costs base or activity levels and the expected impact of inflation.

A corporate tax rate of 30% has been assumed in determining the forecast income tax expense for the Group.

#### EBITDA

PWR's EBITDA margin is forecast to decrease in FY16.

This primarily reflects C&R's lower EBITDA margin. PWR's underlying EBITDA margin is expected to remain consistent with the prior year.

PWR is implementing a number of strategies to increase C&R's EBITDA margin including the already implemented PWR ERP system, a focus on margin, reassessing lower margin business lines, and reducing operating costs. These initiatives are expected to have a positive impact on the FY16 forecast and EBITDA margin, however some may not be realised until beyond FY16. The EBITDA margin for C&R is forecast at 14% in FY16, compared to 4% in FY15.

#### CASH FLOW

Revenue over the forecast is assumed to be received consistent with customer collection patterns over the historical period. Creditors are assumed to be paid in accordance with the historical period.

#### SEASONALITY

Revenue and NPAT reflect historical seasonality, which is a significant bias to the second half of the financial year. This is driven primarily by the start of the key motorsports seasons in February/March of every calendar year. As motorsports teams gear up for a new season, changes are often made to the vehicle set-up, either through series regulation such as Formula One moving to forced induction engine for 2014 season and/or to improve the vehicle performance. Most development work for these changes occurs from November the prior calendar year, with teams moving to ordering product in time for testing and into the first races of the season.

### 5.8 Sensitivity analysis of Forecast Financial Information

The Forecast Financial Information included in section 5.7 is based upon a number of estimates and assumptions as described in sections 5.7.1 and 5.7.2. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of PWR, the Directors and Management. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

Set out below is a summary of the sensitivities of Pro Forma forecast NPAT for FY16 to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

**Table 5.14**

#### Key sensitivities of Pro Forma forecast NPAT

ASSUMPTION		INCREASE	DECREASE
		IN PRO FORMA NPAT (A\$000'S)	IN PRO FORMA NPAT (A\$000'S)
Revenue	+/- 1%	184	(184)
Production labour	-/+ 5%	305	(305)
Raw materials and consumables used	-/+ 5%	419	(419)
Change in AUD/GBP exchange rate	-/+ 1 pence	223	(214)
Change in AUD/USD exchange rate	-/+ 1 cent	54	(52)

**Note: Production labour** – is the major component of Employee expenses.

### 5.9 Dividend policy

The payment of a dividend by PWR is at the discretion of the Board and will be a function of a number of factors, including the general business environment, the operating results, cash flows and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Board may consider relevant.

It is the current intention of the Board to pay dividends in respect of half years ending in December and final dividends in respect of full years ending in June each year. It is anticipated that interim dividends will be paid in April and final dividends will be paid in October following the relevant financial period. It is also the Board's current intention to target a payout ratio of 40% to 60% of NPAT. For FY16, the Board's current intention is to pay 50% of Statutory NPAT as dividends. However the level of payout ratio may vary between periods depending on the factors above. Given the significantly larger proportion of NPAT is typically achieved in the second half of each financial year, interim dividends may be lower than final dividends for each respective financial year.

As the Company's international revenues and profits grows, resultant limitations on the availability of franking credits may determine that future dividends are only partially franked. However, dividends will be franked to the extent possible, and it is the Board's intention that the interim dividend payment in FY16 will be fully franked. No assurances can be given by any person, including the Board, about the payment of any dividend and the level of franking on any such dividend.

## 5.10 Summary of significant accounting policies

Set out below is a summary of the significant accounting policies adopted in preparing the Financial Information.

### (A) BASIS OF CONSOLIDATION

#### BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

#### SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### (B) FOREIGN CURRENCY

#### FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

### FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the functional currency at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

### (C) FINANCIAL INSTRUMENTS

#### NON-DERIVATIVE FINANCIAL ASSETS – RECOGNITION

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### NON-DERIVATIVE FINANCIAL ASSETS – MEASUREMENT

##### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less, that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

## NON-DERIVATIVE FINANCIAL LIABILITIES – RECOGNITION

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

## NON-DERIVATIVE FINANCIAL LIABILITIES – MEASUREMENT

### Trade Payables

Trade and other payables are carried at amortised cost.

### Bank Overdraft

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### Interest-bearing loans and liabilities

Interest-bearing loans and liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

## DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to manage its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are recognised initially at fair value, any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

## (D) SHARE CAPITAL

### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

### Dividends

Dividends are recognised as a liability in the period in which they are declared.

## (E) PROPERTY, PLANT AND EQUIPMENT

### RECOGNITION AND MEASUREMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

### SUBSEQUENT COSTS

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

### DEPRECIATION

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight line and/or diminishing value basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

	2015	2014
Plant and equipment	2-7 years	2-7 years
Motor vehicles	4-6 years	4-6 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## **(F) INTANGIBLE ASSETS**

### **GOODWILL**

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Goodwill is not amortised.

### **TRADEMARKS**

Separately acquired trademarks are measured initially at cost of acquisition. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Fair value is determined using the relief from royalty method. Trademarks are subsequently carried at cost less impairment losses and are not amortised as they are considered to have an indefinite useful life.

### **OTHER INTANGIBLE ASSETS**

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

### **AMORTISATION**

Amortisation is calculated to write off the cost of other intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Amortisation methods, useful lives and residual value are reviewed at each reporting date and adjusted if appropriate.

## **(G) INVENTORIES**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first in first out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## **(H) IMPAIRMENT**

### **NON-DERIVATIVE FINANCIAL ASSETS**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restricting of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor will enter bankruptcy.

Impairment of loans and receivables is not recognised until objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance amount against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### **NON FINANCIAL ASSETS**

The carrying amounts of the Group's non financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. Goodwill and trademarks with an indefinite life are tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



## **(I) EMPLOYEE BENEFITS**

### **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

### **Long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

### **Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### **Defined contribution funds**

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

## **(J) REVENUE RECOGNITION**

### **SALE OF GOODS**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of the contract of sale. For sales of goods, usually transfer occurs when the product is received at the customer's warehouse; however, for some international shipments transfer occurs upon loading the goods onto the relevant carrier at the port of the seller. Generally for such products the buyer has no right of return.

### **RENDERING OF SERVICES**

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

### **GOVERNMENT GRANTS**

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable.

## **(K) LEASES**

### **LEASED ASSETS**

Assets held by the Group under leases that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

### **LEASE PAYMENTS**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## **(L) FINANCE INCOME AND FINANCE COSTS**

Finance income comprises interest income on funds invested and changes in the fair value of derivative financial instruments at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and changes in the fair value of derivative financial instruments at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

## **(M) PROVISIONS**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### **Warranties**

A provision for warranties is recognised when the underlying products are sold, based on historical warranty data and a weighting of possible outcomes against their assumed possibilities.

## **(N) INCOME TAX**

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustments to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and difference relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The entity believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve series judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

## **(O) GOODS AND SERVICES TAX**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as current asset or liability in the statement of financial position.

Cashflows are included in the statement of cashflows on a gross basis. The GST components of cashflows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows.

## **(P) DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

### **INVENTORIES**

The fair value of inventories is based on its estimated selling price on the ordinary course of business less the estimated cost of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

### **TRADE AND OTHER RECEIVABLES**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

### **PROPERTY, PLANT AND EQUIPMENT**

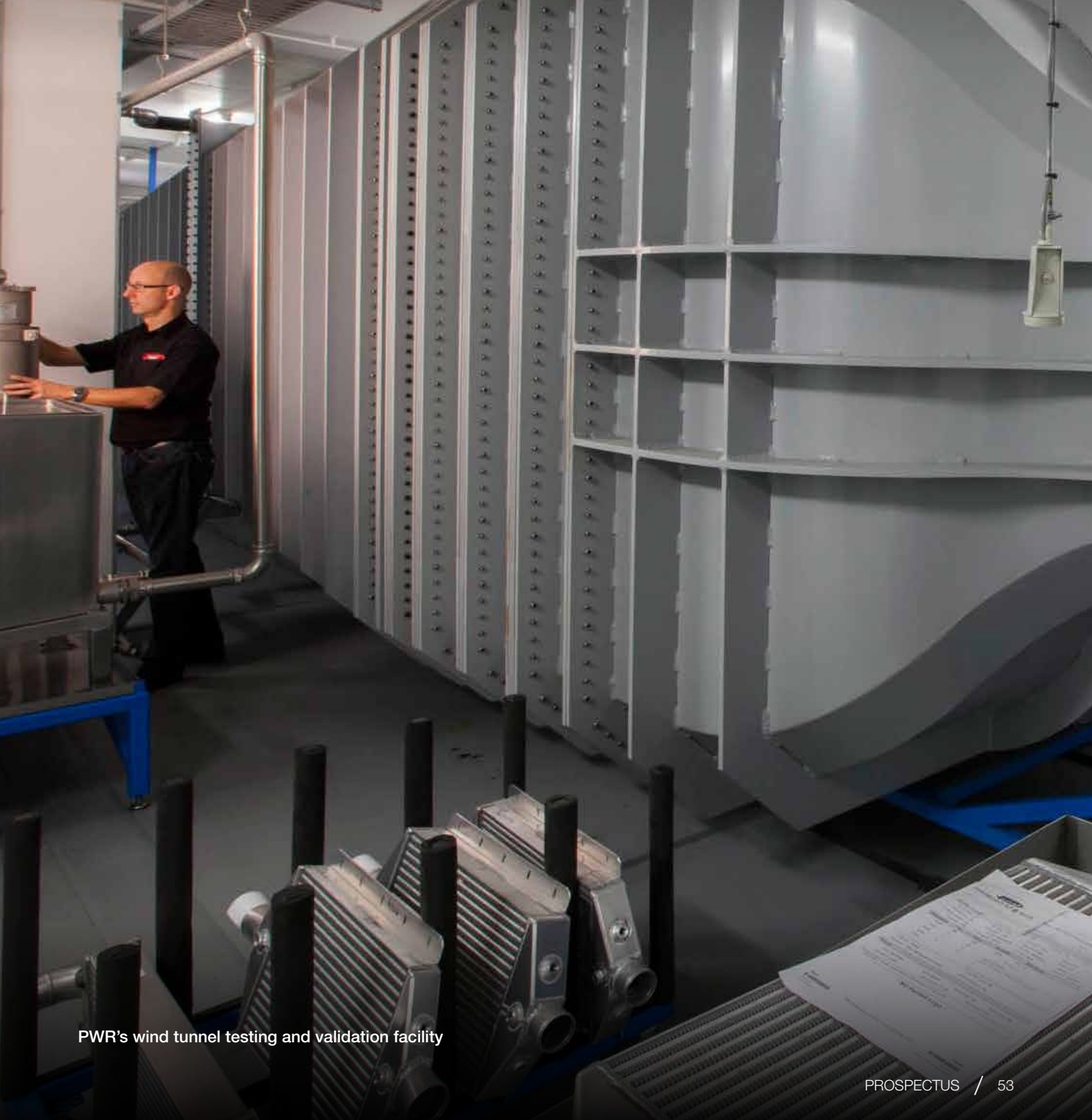
The fair value of property, plant and equipment is based on the market approach or cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

### **TRADEMARKS**

The fair value of trademarks is based on the relief from royalty method which considers the discounted estimated royalty payments that are expected to be avoided as a result of the trademark being owned.

# 6

## INVESTIGATING ACCOUNTANT'S REPORT





The Directors  
PWR Holdings Ltd  
103 Lahrs Road  
Ormeau QLD 4208

13 October 2015

Dear Directors

### ***Investigating Accountant's Report***

### ***Independent Limited Assurance Report on PWR Holdings Ltd historical and forecast financial information and Financial Services Guide***

We have been engaged by PWR Holdings Ltd (the **Company**) to report on the historical and forecast financial information of the Company for inclusion in the prospectus dated on or about 13 October 2015 (**Prospectus**) and relating to the issue of ordinary shares in the Company.

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

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

### ***Scope***

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical and forecast financial information of the Company (the responsible party) included in the Prospectus:

#### ***Statutory Historical Financial Information***

- the Statutory net profit after tax for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- the Statutory free cash flow for the years ended 30 June 2013, 30 June 2014 and 30 June 2015; and
- the Statutory consolidated statement of financial position as at 30 June 2015, (the **Statutory Historical Financial Information**).

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 Company's adopted accounting policies. The Statutory Historical Financial Information has been extracted from the financial reports of the Company for the years ended 30 June 2013, 30 June 2014 and 30 June 2015, which were audited by KPMG in accordance with the Australian Auditing Standards. KPMG issued an unqualified audit opinion on the financial report for

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***PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572***  
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001  
T +61 7 3257 5000, F +617 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)





the year ended 30 June 2015. For the years ended 30 June 2013 and 30 June 2014, the Company had no statutory obligation under the Corporations Act to have its accounts audited or to appoint an auditor. The audit opinions for FY13 and FY14 were qualified by KPMG. The FY13 audit opinion was qualified on the basis that KPMG were unable to observe any procedures performed by the Company to verify the physical existence of inventory at the beginning of the financial year and at the end of the financial year. This occurred as KPMG were appointed auditors retrospectively for FY13. The FY14 audit opinion was qualified on the basis that KPMG were unable to observe any procedures performed by the Company to verify the physical existence of inventory at the beginning of the financial year. The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

#### *Pro Forma Historical Financial Information*

- the Pro Forma consolidated statements of profit and loss and other comprehensive income for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- the Pro Forma consolidated statements of cash flows for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- the Pro Forma consolidated statement of financial position as at 30 June 2015, (the **Pro Forma Historical Financial Information**).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in section 5.3 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 5.2 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and cash flows.

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively the "**Historical Financial Information**".

#### *Statutory Forecast Financial Information*

- the Statutory forecast net profit after tax and free cash flows of the Company for the year ending 30 June 2016, as described in section 5.2 of the Prospectus, (the **Statutory Forecast Financial Information**).

The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in section 5.7 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.



### *Pro Forma Forecast Financial Information*

- the Pro Forma forecast consolidated statements of profit and loss and other comprehensive income and cash flows of the Company for the year ending 30 June 2016, described in section 5.2 of the Prospectus, (the **Pro Forma Forecast Financial Information**).

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are collectively the “**Forecast Financial Information**”.

The Pro Forma Forecast Financial Information has been derived from the Company’s Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in section 5.3 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the events or transactions to which the pro forma adjustments relate, as described in section 5.2 of the Prospectus, as if those events or transactions had occurred as at 30 June 2016. Due to its nature, the Pro Forma Forecast Financial Information does not represent the company’s actual prospective financial performance and cash flows for the year ending 30 June 2016.

### *Directors’ responsibility*

The directors of the Company are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Statutory Forecast Financial Information, including its basis of preparation and the best-estimate assumptions underlying the Statutory Forecast Financial Information. They are also responsible for the preparation of the Pro Forma Forecast Financial Information, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information, pro forma historical financial information, a forecast and a pro forma forecast that are free from material misstatement.

### *Our responsibility*

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



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***

#### ***Statutory 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 Statutory Historical Financial Information of the Company, as described in section 5.1 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 5.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

#### ***Pro Forma 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 Pro Forma Historical Financial Information of the Company as described in section 5.2 of the Prospectus is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 5.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 5.3 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information.

#### ***Statutory Forecast Financial Information***

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 5.6 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- the Statutory Forecast Financial Information itself is unreasonable.



### *Pro Forma Forecast Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- in all material respects, the Pro Forma Forecast Financial Information:
  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 5.6 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Statutory Forecast Financial Information and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

### *Forecast Financial Information*

The Forecast Financial Information have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2016. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Forecast Financial Information are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 7 and 5.8 of the Prospectus. The sensitivity analysis described in section 5.8 of the Prospectus demonstrates the impact on the Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.





The Forecast Financial Information have been prepared by the directors for the purpose of inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

### ***Notice to investors outside Australia***

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements. This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

### ***Restriction on Use***

Without modifying our conclusions, we draw attention to pages i and ii of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

### ***Consent***

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

### ***Liability***

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

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

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

### ***Financial Services Guide***

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

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

Wim Blom  
Authorised Representative of PricewaterhouseCoopers Securities Ltd



## **Appendix A – Financial Services Guide**

### **PRICEWATERHOUSECOOPERS SECURITIES LTD**

#### **FINANCIAL SERVICES GUIDE**

**This Financial Services Guide is dated 13 October 2015**

#### **1. About us**

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by PWR Holdings Pty Ltd ("the **Company**") to provide a report in the form of an Independent Accountant's Report in relation to the proposed initial public offering and listing of the Company on the Australian Securities Exchange (the "**Report**") for inclusion in the Prospectus dated 13 October 2015. You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

#### **2. This Financial Services Guide**

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

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

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.



#### **4. General financial product advice**

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

#### **5. Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and amount to \$140,250 including GST. Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

#### **6. Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

#### **7. Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("FOS"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.



**8. Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Wim Blom  
Authorised Representative  
PricewaterhouseCoopers Securities Ltd  
123 Eagle Street  
GPO Box 150  
Brisbane QLD 4000

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# 7 RISK FACTORS



## 7.1 Introduction

There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of PWR and the value of the Shares. Some of these risks may be mitigated by PWR's internal controls and processes, but many are outside the control of PWR, the Directors and management. There can be no assurance that PWR will achieve its stated objectives or that any forward-looking statements will eventuate.

Investors should consider the risk factors described below. These risks have been separated into:

- specific risks which relate to PWR, its business and the industry described in section 7.2; and
- general risks relating to an investment in a listed company described in section 7.3.

This is not an exhaustive list of risks. They should be considered in conjunction with the other information disclosed in this Prospectus. Investors should have regard to their own investment objectives and financial circumstances, and should consider seeking professional guidance from their stockbroker, accountant, financial or other professional adviser before deciding whether to participate in the Offer.

## 7.2 Specific risk factors

### OPERATIONAL RISKS

#### (A) LOSS OF KEY CUSTOMERS

PWR operates on a purchase order basis with its customers. The loss of, or significant reduction in purchases by, one or more key customers or the cessation of a leading motorsports racing series or team could lead to a reduction in PWR's revenue and earnings. From time to time there is speculation about the intention of teams to continue in a racing series, such as the recent media speculation that the Red Bull racing group may not compete in the 2016 Formula One series unless they can identify a new engine supplier. In FY16, it is expected that PWR's top ten customers by revenue will represent approximately 36% of total revenue.

#### (B) OPERATING RISKS

PWR is, and will continue to be, exposed to a range of operational risks relating to current and future operations. These include equipment failures and other accidents, industrial action or disputes, lease renewals, damage by third parties, floods, fire, major cyclone, earthquake, terrorist attack or other disaster. In the event existing insurance arrangements do not cover an operational issue, this could have a material adverse effect on the operating and financial performance of PWR.

More specifically, equipment breakdown at PWR's facilities may impact the Company's ability to meet forecasts. Any prolonged manufacturing downtime may have an impact on PWR's ability to fulfil customer orders and have an adverse effect on PWR's reputation, operating and financial performance.

#### (C) C&R ACQUISITION

PWR settled the purchase of C&R on 27 March 2015. As part of the acquisition, PWR will face operational, financial and integration risks commonly encountered with acquisitions. The issue of integration will be an ongoing focus of management. Any costs associated with the failure to achieve business plan estimates for C&R may have a material adverse impact on the future financial performance of PWR.

#### (D) LOSS OF KEY EMPLOYEES

The loss of key management, or any delay in their replacement, may result in the loss of know-how and may adversely affect PWR's ability to develop and implement its business strategies or increase the cost of obtaining appropriate personnel. This may materially affect PWR's operations and profitability.

#### (E) RELIANCE ON BUSINESS SYSTEMS

There is a risk that any key business systems, particularly the integrated ERP system used across the Group, may be adversely affected by a number of factors, including an inability to operate, lack of support to maintain the system, damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, external malicious interventions such as hacking, fire, natural disasters or weather interventions. Any failure of key business systems may materially affect PWR's operations and profitability.

#### (F) PRODUCT DEFECTS AND/OR FAILURE

Specific PWR product failures, defects or recalls could materially affect PWR's reputation, earnings and revenue. If any claim or issue arising from a product defect or failure, for example a significant racing accident, is determined adversely to PWR, and the Company's existing insurance arrangements do not cover the liability, this could have a material adverse effect on the operating and financial performance of PWR.

#### (G) WORKPLACE ACCIDENTS

PWR has a number of facilities where potentially hazardous tasks are undertaken by employees on a regular basis. A workplace accident could occur where one or more employee was seriously injured. Workplace accidents may occur for various reasons, including as a result of non-compliance with safety rules and regulations. PWR may be liable for injuries that occur to PWR's employees or other persons under applicable occupational health and safety laws. If PWR is liable under such laws, in whole or part, the penalties could be significant and PWR may also be liable for compensation which may have a material adverse impact on PWR's financial position and profitability.

## **(H) SUPPLY CHAIN**

Any disruption or external market condition limiting the supply or increasing the cost of raw materials to PWR could materially impact PWR's ability to supply its own customers profitably. PWR relies on aluminium strip, aluminium tubes and aluminium sheet from various international and domestic suppliers.

## **(I) INCREASED INPUT COSTS**

Wage and labour costs represent the largest expense to PWR. The majority of raw materials used by PWR are imported from overseas suppliers with transportation costs paid for by PWR. Any unexpected and/or unusually large increase to these costs could have a material impact on PWR's operations and profitability if these increased costs cannot be passed on to customers.

## **(J) CONFIDENTIALITY BREACH**

Many customers of PWR require a high level of confidentiality both in regard to information supplied to PWR and the designs, drawings and specifications of products supplied by PWR. PWR relies on a range of internally generated designs, equipment and processes to derive its cooling solutions. PWR has a range of non-disclosure agreements with customers which regulate the rights of PWR to deal with customer supplied information. Unauthorised supply of this customer information or PWR intellectual property to any party not entitled to receive it could damage PWR's reputation and competitive position which could have a material impact on PWR's operations and profitability.

## **(K) PWR TRADEMARKS**

PWR has the PWR logo registered in Australia and the C&R logo registered in US. PWR deals with customers outside these jurisdictions. If logos similar to the PWR and C&R logos were used by other parties in jurisdictions outside Australia and the US respectively, or counterfeit products were sold outside these jurisdictions, the reputation, operations and profitability of PWR may be materially affected.

## **(L) TRANSITION FROM A PRIVATE TO PUBLIC COMPANY**

Prior to its Listing, PWR was a privately owned company. As part of its Listing, PWR will implement governance systems and processes that are suitable to managing and operating a public company, including to appropriately manage its compliance with legislative requirements. There is a risk that, prior to or as a consequence of these systems and processes being implemented, unforeseen circumstances may arise that could have an impact on PWR's financial performance.

## **(M) FUTURE STRATEGIES AND INITIATIVES MIGHT NOT MEET THEIR OBJECTIVES**

PWR's future success is dependent on its ability to develop and execute appropriate strategies and initiatives, including responding on an appropriate scale to a growing, developing market. PWR's current strategies to grow market share within existing markets and to develop and spread its technology to adjacent and other markets to create sales growth, may not be successful in part or at all. If key strategies are ineffective or are achieved later than expected, PWR's operations and profitability could be materially affected.

## **(N) COMPETITIVE THREAT**

PWR's earnings and market share could come under threat from aggressive domestic and overseas market competitors. Competition may be based on factors including price, service, product differentiation and quality, manufacturing capability, innovation, growth and turnaround times.

PWR's success is built on its key management and its ability to attract and retain experienced and high performing personnel. Subject to contractual restraints, key management could establish a business in competition with PWR's business.

These factors, individually or in combination, may impact materially on PWR's operations and profitability.

## **(O) TURBO-DIESEL EMISSIONS ENQUIRIES**

In September this year the US Environmental Protection Agency disclosed that Volkswagen had modified car software on its turbo-diesel models to pass emissions testing. It is difficult at this time to assess what the outcome of the enquiries will be, however it is possible that OEMs other than Volkswagen will be re-tested for emissions and could be affected. Companies effected by the turbo-diesel emissions enquiries may be subject to fines or claims for compensation and this could ultimately impact their financial sustainability. If the financial sustainability of OEMs are impacted by these enquiries, it is possible this could in the future adversely impact on OEMs motorsport expenditure.

## **FINANCIAL RISK**

### **(P) CURRENCY RISK**

The financial reports of PWR are prepared in Australian dollars. However, a substantial proportion of sales revenue, expenditures and cash flows are generated in, and assets are denominated in, British pounds and US dollars. Any adverse movements in British pounds or US dollars against the Australian dollar, as well as other adverse exchange rate fluctuations or volatility, could have an adverse effect on PWR's future financial performance and position. PWR does not, as part of its normal processes, currently hedge against this currency risk.

## **CORPORATE STRUCTURE RISK**

### **(Q) CONCENTRATION OF SHAREHOLDING**

Following completion of the Offer, Founder Saleco will have an interest in 38.4% of the Shares. Consequently, the Founders will continue to be in a position to exert significant influence over the outcome of matters relating to PWR, including the election of Directors. Whilst the interests of PWR, the Founders and other Shareholders are likely to be consistent in most cases, there may be instances where their respective interests diverge.

The Shares which will be retained by Founder Saleco are subject to voluntary escrow until August 2017. The sale of Shares held by Founder Saleco in the future (following expiry of the escrow period), or the perception that such sales might occur, could adversely affect the market price of the Shares. The concentration of ownership in Founder Saleco may also affect the liquidity of the market for Shares on ASX which may, in turn, limit the prospects of PWR being considered for a control transaction in the short to medium term.

## 7.3 General risk factors

### (A) SHARE MARKET AND LIQUIDITY

The market price of the Shares can rise and fall and may be subject to varied and unpredictable influences on the share market. The trading price of the Shares at any given time may be higher or lower than the price paid under the Offer. Further, you may be unable to sell or realise your investment because the market for Shares may be illiquid.

Share market conditions are affected by many factors, including:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment towards equities or particular market sectors;
- political instability;
- short selling and other trading activities;
- the demand for, and supply of, capital; and
- force majeure events, including war, acts of terrorism, international hostilities, labour strikes, fire, flood, earthquake and other natural events.

### (B) GENERAL ECONOMIC CONDITIONS

PWR may be negatively impacted by changes in the Australian or international economies. In particular, there are risks from continued volatility in the US and Europe, international debt issues, impacts from currency and interest rate shifts and the potential for a contraction in the availability of debt or capital.

These economic factors may impact negatively through reduced future revenues, reduced demand for PWR's products, increased costs, foreign exchange losses, impacts of government responses to economic issues and impacts on equity markets. These factors are beyond the control of PWR and the impact cannot be predicted.

### (C) DIVIDENDS

The payment of a dividend by PWR is at the discretion of the Board and will be a function of a number of factors, including the general business environment, the operating results, cash flows and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Board may consider relevant.

As the Company's international sales grows, and the proportion of its revenue from international operations increases, the availability of franking credits may determine that dividends are only partially franked. However, dividends will be franked to the extent possible, and it is the Board's intention that the dividend payments in FY16 will be fully franked. No assurances can be given by any person, including the Board, about the payment of any dividend and the level of franking on any such dividend.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each Shareholder.

### (D) CHANGES TO AUSTRALIAN INTERNATIONAL FINANCIAL REPORTING STANDARDS

PWR's financial reports will be subject to compliance with Australian International Financial Reporting Standards (AIFRS) issued by the Australian Accounting Standards Board. The accounting treatment under AIFRS of transactions and events occurring in the operation of PWR's business, or changes to accounting standards, may have a material adverse effect on the performance reported in PWR's financial statements or in respect of other announcements to ASX.

### (E) EXPOSURE TO CHANGES IN TAX RULES OR THEIR INTERPRETATION

PWR has companies incorporated in Australian, US and UK tax jurisdictions. Tax rules or their interpretation in relation to equity investments, divestments and other transactions entered into in the ordinary course of PWR's business may change.

In particular, both the level and basis of taxation may change.

It is possible that a tax authority may review the tax treatment of transactions entered into by PWR. Any actual or alleged failure to comply with, or any change in the application or interpretation of tax rules applied in respect of such transactions, could increase its tax liabilities or expose it to legal, regulatory or other actions.

In addition, 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 PWR.

### (F) OTHER GENERAL RISKS

There are a range of other general risks, which may impact on PWR's business or an investment in the Shares, which include but are not limited to:

- industrial action impacting the business directly or indirectly; and
- government policies generally (including in relation to taxation).

# 8

## MATERIAL CONTRACTS

The Directors consider that certain contracts are significant or material to PWR, or are of such a nature that you may wish to have particulars of them when making an assessment about whether to apply for Shares (Material Contracts).

The main provisions of the Material Contracts are summarised below. As this section only contains a summary, the provisions of each contract are not fully described. To understand fully all rights and obligations pertaining to the Material Contracts, it will be necessary to read them in full.

### (A) VENDOR SELLDOWN DEED

Founder SaleCo, the Founders, PWR and the Lead Manager and Underwriter have entered into the Vendor Selldown Deed to facilitate the sale of the Vendor Shares held by Founder SaleCo, which are offered at the Offer Price under this Prospectus and form part of the Offer.

Under the terms of the deed, PWR is appointed Founder SaleCo's exclusive agent to facilitate and manage the sale of the Vendor Shares under the Offer.

Founder SaleCo has an obligation under the deed to cooperate with PWR in the preparation of this Prospectus and, together with PWR, to ensure that this Prospectus complies with the Corporations Act.

The deed contains warranties from Founder SaleCo and the Founders in relation to various matters, including the ownership of the Vendor Shares by Founder SaleCo and its entitlement to transfer the Vendor Shares under the Offer. Founder SaleCo and the Founders have provided an indemnity in favour of PWR and the Lead Manager and Underwriter for any losses suffered as a result of a breach of the warranties under the deed. Founder SaleCo is responsible for any income tax or capital gains tax, including any interest, fines, penalties and charges for late or non-payment of income tax or capital gains tax, arising from the sell down of the Vendor Shares under the Offer.

The deed may be terminated if the Underwriting Agreement is terminated for any reason.

### (B) EMPLOYMENT CONTRACTS WITH KEY MANAGEMENT PERSONNEL

Key Management Personnel (KMP) are those persons who have authority and responsibility for planning, directing and controlling the activities of PWR, either directly or indirectly and include directors of PWR. In addition to the Non-Executive Directors, KMP of PWR are Kees Weel, Adam Purss, Paul Weel and Matthew Bryson.

#### Managing Director's Contract of Employment – Kees Weel

Kees Weel is the Managing Director of PWR and is employed under a contract of employment. The contract of employment is open ended with no fixed term. Either party may terminate the contract by giving:

- In the case of Kees Weel, six months' written notice to PWR, or
- In the case of PWR, six months' written notice to Kees Weel or payment in lieu of notice.

PWR may terminate Kees Weel's employment without notice or payment in lieu of notice in certain circumstances including for serious misconduct.

Kees Weel is entitled to receive total fixed remuneration of \$388,250 (inclusive of superannuation) per annum.

Kees Weel will be entitled to participate in PWR's Short Term Incentive Plan (STI Plan). Kees Weel's target participation in the STI Plan is 50% of his total fixed remuneration and will depend on meeting various financial and non-financial targets. See section 9.4 for a description of the STI Plan.

#### Other Key Management Personnel Contracts of Employment – Adam Purss, Matthew Bryson and Paul Weel

PWR's other key management personnel are also employed under contracts of employment. These establish:

- Annual total fixed remuneration which includes superannuation contributions for KMP (excluding Kees Weel) ranging from \$219,000 to \$273,750 per KMP
- Termination provisions of three months notice by either party
- Eligibility to participate in PWR's STI Plan at a target level of 30% of total fixed remuneration
- Upon termination of an employment contract, key management personnel will be subject to a restraint of trade period for up to twelve months. The enforceability of the restraint clause will be determined by the application of legal principles to the circumstances at the time of attempted enforcement.

### (C) FINANCE ARRANGEMENTS

#### Bank Facilities

	FACILITY SIZE	ESTIMATED AMOUNT DRAWN ON COMPLETION OF THE OFFER
Commonwealth Bank Corporate Charge Card Facility	\$50,000	\$14,000
Overdraft Facility	\$500,000	\$0
Asset Finance Facility	\$5,000,000	\$1,631,000

All of the Bank Facilities are provided by Commonwealth Bank of Australia.

The Overdraft Facility is provided to PWR Performance Products Pty Ltd ACN 081 798 996 for the purposes of working capital requirements. It has an indefinite revolving term and is subject to annual review. Interest is charged monthly and calculated at the Overdraft Index Rate less the Margin of 1.64% per annum (rates subject to change). It is repayable on demand and incurs a line fee of 1.12% per annum.



The Commonwealth Bank Corporate Charge Card Facility is provided to PWR Performance Products Pty Ltd for the purposes of assisting with business expenses. It has an indefinite term and the balance is repayable in full monthly. Interest is charged monthly on cash advances at the Corporate Charge Card Option Index Rate, being 17.99% per annum (rates subject to change).

The guarantors under the Overdraft Facility and Commonwealth Bank Corporate Charge Card Facility are PWR Holdings Limited ACN 105 326 850, PWR IP Pty Ltd ACN 604 823 047, PWR Europe Limited Company No. (England and Wales) 6314126 and C&R Racing, Incorporated (a company incorporated in the State of Delaware, USA)

The Overdraft Facility and Commonwealth Bank Corporate Charge Card Facility are capable of being terminated (with all amounts becoming due and payable) following the occurrence of an event of default. These facilities are secured by security interests granted in favour of CBA by PWR Performance Products Pty Ltd and each guarantor over all of its assets and undertakings, including a PPSR registered security interest over PWR Holdings Pty Ltd, an English law debenture in respect of PWR Europe Limited and a US pledge and security agreement over C&R Racing, Incorporated. The terms of the Overdraft Facility and the Commonwealth Corporate Charge Card Facility disclosed above apply from the listing date

The Asset Finance Facility is provided to PWR Performance Products Pty Ltd under a Master Agreement. Facilities provided to PWR Performance Products Pty Ltd under the Master Agreement are secured in favour of CBA by security interests over all of the assets and undertakings of PWR Performance Products Pty Ltd, PWR Holdings Limited ACN 105 326 850 and PWR IP Pty Ltd ACN 604 823 047. The Master Agreement may be terminated on one month's notice and is subject to Commonwealth Bank of Australia's Current Terms and Conditions for Business Finance.

The guarantors under the Master Agreement are PWR Holdings Limited and PWR IP Pty Ltd on an unlimited basis.

## **(D) AGREEMENTS WITH RELATED PARTIES**

### **Ormeau Premises lease**

PWR Subsidiary, PWR Performance Products Pty Ltd has entered into a property lease for the factory at 103 Lahrs Road, Ormeau until 31 August 2025 with options to renew for two additional terms of five years each. Commencing rent is \$640,000 per annum (increasing by the greater of CPI or 3% annually) plus GST plus outgoings. Should an option be exercised, the rent will be reviewed to the then market rate but this cannot be less than the actual rent being paid at the time. The lease has been entered into on an arm's length basis and has conditions consistent with leases in this area and for a lease of this tenure. This has been confirmed by independent advice.

PWR Performance Products Pty Ltd has also entered into a property lease for the warehouse at 99 Lahrs Road, Ormeau until 31 August 2025 with options to renew for two additional terms of five years each. Commencing rent is \$172,000 per annum (increasing by the greater of CPI or 3% annually) plus GST plus outgoings. Should an option be exercised, the rent will be reviewed to the then market rate but this cannot be less than the actual rent being paid at the time. The lease has been entered into on an arm's length basis and has conditions consistent with leases in this area and for a lease of this tenure. This has been confirmed by independent advice.

The Ormeau properties are owned by Founder Saleco, an entity controlled by the Founders.

### **US premises lease**

C&R has entered into property leases for its premises in Indianapolis, Indiana (until March 2022) and in Mooresville, North Carolina (until March 2020 with an option to renew for an additional five years). The leases contain standard terms and conditions under which the lessee is required to pay outgoings in addition to monthly rent (which increases annually by 1%). The lessee has a first right of refusal to acquire the property if either property is proposed to be sold. Both properties are currently owned by entities controlled by Chris Paulsen, US Manager and was entered into on arm's length terms. This has been confirmed by independent advice.

### **UK premises lease**

PWR Europe has entered into a property lease for its premises in Tamworth in the UK until July 2020. PWR Europe may terminate the lease on three months' notice in August 2017. The lease contains standard terms and conditions under which the lessee is required to pay outgoings in addition to monthly rent. The property is currently owned by an entity controlled by Andy Burton, UK Manager and was entered into on arm's length terms. This has been confirmed by independent advice.

Other than the arrangements detailed in this section 8 and the remuneration arrangements with Directors described in section 9.4, there are no related party arrangements.

# 9

## ADDITIONAL INFORMATION

## 9.1 Corporate history

PWR was incorporated as a proprietary company limited by shares on 30 June 2003 and converted to a public company on 25 September 2015. It remains a public company as at the date of this Prospectus.

PWR has four wholly-owned Subsidiaries:

- P.W.R. Performance Products Pty Ltd;
- PWR IP Pty Ltd;
- PWR Europe Limited; and
- C&R Racing Incorporated.

## 9.2 Rights attaching to Shares

A shareholding in PWR is held subject to its Constitution. New Shares to be issued under this Prospectus will rank equally with existing Shares, including the Vendor Shares. The Constitution may be inspected at the registered office during ordinary business hours by prior appointment.

The following is a summary of the principal rights of Shareholders. It is not intended to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders, which can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. If you who wish to obtain a definitive assessment of the rights and liabilities that attach to Shares in any specific circumstance, you should seek your own advice.

### (A) ISSUE OF SHARES

The power to issue Shares and other securities in the capital of PWR lies with the Board, subject to the restrictions contained otherwise in the Constitution, the ASX Listing Rules and the Corporations Act.

### (B) VOTING

Every Shareholder present in person or by proxy, representative or attorney at a meeting of Shareholders has one vote on a show of hands, and on a poll, one vote for every Share held. A poll may be demanded at a meeting in the manner permitted by the Corporations Act.

### (C) DIVIDENDS

Dividends are payable upon the determination of the Directors, who may fix the amount, time for payment and method of payment of dividends.

### (D) TRANSFER OF SHARES

Subject to the Constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Rules, Shares are freely transferable. Except as otherwise provided for in the ASX Listing Rules or the ASX Settlement Rules, the Directors may in certain circumstances refuse to register any transfer of Shares, or request ASPL or the share registry to apply a holding lock to prevent a proper ASPL transfer of Shares.

### (E) MEETINGS AND NOTICE

Each Shareholder is entitled to receive notice of, and to attend, general meetings 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. A Director may call a meeting of members and members may also requisition or convene general meetings in accordance with the procedures set out in the Corporations Act. Shareholders must be given at least 28 days written notice of any general meeting unless otherwise permitted by the Corporations Act.

### (F) RIGHTS ON WINDING UP

All Shares rank equally in the event of a winding up, subject to any amount remaining unpaid on any Shares. Once all of our liabilities are met, the liquidator may, with the sanction of a special resolution of Shareholders, divide amongst the Shareholders all or any of PWR's assets and for that purpose determine how the liquidator will carry out the division between the different classes of members.

### (G) VARIATION OF RIGHTS

The rights attached to Shares may be varied or cancelled by a special resolution passed at a general meeting of the holders of shares in that class or with the written consent of three quarters of the holders of shares in that class.

### (H) UNMARKETABLE PARCELS

If a Shareholder holds a number of Shares that is less than a marketable parcel (as defined in the ASX Listing Rules), PWR has the power to sell or dispose of the Shares unless otherwise instructed by the Shareholder. The net proceeds from the sale will be paid to the Shareholder.

### (I) ASX LISTING RULES

When PWR is admitted to the Official List, it must comply with the ASX Listing Rules and despite anything in the Constitution, the ASX Listing Rules prevail over the provisions of the Constitution.

## 9.3 Escrow arrangements

The Existing Shareholders have entered into voluntary restriction agreements, which restrict them from selling, creating a security interest in or otherwise dealing in their Shares until August 2017 and in respect of Chris Paulsen, the business day after the release of the Company annual report of the financial year ending 30 June 2016. The escrow arrangements do not restrict, in the case of MAMLEC Pty Ltd and Founder Saleco, the Existing Shareholders from accepting a successful takeover bid (being a takeover bid that is accepted by at least half of non-escrowed Shareholders or which is unconditional and recommended by a majority of the Directors), transferring Shares under a scheme of arrangement or any disposal pursuant to a court order.

The Shares covered by the voluntary restriction agreements will represent 45.5% of the Shares on issue following completion of the Offer.

## 9.4 Benefits to Directors, other related parties and those involved in the preparation of this Prospectus

Other than as set out below or elsewhere in this Prospectus:

- no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or to qualify as, a director of PWR; and
- none of the following persons:
  - a Director or proposed Director;
  - each person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
  - a promoter of PWR,

holds or held at any time during the last two years an interest in:

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

or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of PWR or the Offer.

The Managing Director, KMP, members of senior management and other selected employees of PWR are eligible to participate in PWR's STI Plan. Non-executive Directors are not eligible to participate in the STI Plan.

Under the STI Plan, participants have an opportunity to receive an annual cash incentive payment calculated as a percentage of their total fixed remuneration (TFR), conditional on achievement of financial and non-financial performance measures. The performance measures against which each participant's STI is assessed are based on corporate and personal key performance indicators (KPIs) where the personal KPIs are tailored to a participant's role, tied directly to PWR's business plan and established at the commencement of the relevant performance year. For FY16, the corporate KPIs are linked to EBITDA, gross profit, labour costs and health and safety performance. No STI for FY16 will be provided to key management personnel unless PWR achieves forecast EBITDA as set out in the Forecast Financial Information of the Prospectus.

The maximum STI that may be awarded to the Managing Director and KMP for FY16 has been set out below, expressed as a percentage of total fixed remuneration.

POSITION	MAXIMUM STI (% TFR)
Managing Director	50%
KMP	30%

The maximum STI for other employees eligible to participate in the STI Plan will be determined on a case by case basis by the Board.

## (A) RELEVANT INTERESTS OF DIRECTORS

Directors are not required to hold Shares. The relevant interest of each Director in Shares (whether held directly or indirectly) at the date of this Prospectus is set out below:

DIRECTOR	SHARES	% OF SHARES ON ISSUE
Kees Weel	76.8 million	91.5%

1. Before sale of Vendor Shares under the Offer. Kees Weel has a relevant interest in all of the Shares held by Founder Saleco. Founder Saleco is KPW Property Holdings Pty Ltd ACN 107 917 635, a company controlled by Kees Weel and Paul Weel, as trustee of the KPW Holdings Trust, a discretionary trust. Paul Weel also has a relevant interest in all of the Shares held by Founder Saleco

The Directors are entitled to participate in the Offer (either directly or indirectly through controlled entities). Accordingly, the relevant interests of the Directors in Shares may change.

DIRECTOR	COMMITMENT TO PARTICIPATE IN OFFER NUMBER OF SHARES
Bob Thorn	400,000
Jeff Forbes	20,000
Teresa Handicott	13,500

## (B) REMUNERATION OF DIRECTORS

The remuneration received by and other benefits given to the Directors by PWR since 1 September 2013 are set out below:

DIRECTOR	
Bob Thorn	\$125,045
Kees Weel	\$393,497
Jeff Forbes	\$41,667

The annual remuneration of Directors following the Offer will be:

DIRECTOR	ANNUAL REMUNERATION (INCLUSIVE OF SUPERANNUATION)
Bob Thorn	\$250,000
Kees Weel	\$388,250
Jeff Forbes <sup>1</sup>	\$115,000
Teresa Handicott <sup>2</sup>	\$115,000

1. Consists of a base fee of \$95,000 per annum and a fee for the role of Chair of the Audit and Risk Committee of \$20,000 per annum
2. Consists of a base fee of \$95,000 per annum and a fee for the role of Chair of the Nomination and Remuneration Committee of \$20,000 per annum

## **(C) DIRECTORS' INDEMNITY, ACCESS AND INSURANCE**

PWR has executed a Deed of Access, Indemnity and Insurance with each Director. In summary, each Deed provides:

- certain indemnities to the Director, to the extent permitted by law and to the extent that the Director is not indemnified by any directors' and officers' liability insurance, against all liabilities incurred by the Director (including reasonable legal costs incurred by the Director) as a Director or as a director of any company which is a related body corporate of PWR;
- that PWR may advance funds to the Director for reasonable legal costs and expenses incurred by the Director in defending an action for a liability to which the indemnities relate and before the outcome of the legal proceedings is known. The Director is required to repay these funds in certain circumstances upon the outcome of the legal proceedings becoming known. The Director must also repay any amounts paid for legal costs and expenses to the extent it receives payment for them under any insurance policy or another indemnity;
- that PWR will maintain directors' and officers' liability insurance for the benefit of the Director during the period which the Director holds office as a director of PWR and for a period of seven years after the Director ceases to hold office; and
- the Director a limited right of access to PWR's books during the period which the Director holds office as a director of PWR and for a period of seven years after the Director ceases to hold office.

## **(D) INTERESTS OF ADVISERS**

Morgans Corporate Limited has been engaged to provide PWR with certain capital raising and corporate advisory services in relation to the Offer, including acting as Lead Manager and Underwriter to the Offer. PWR has agreed to pay the Lead Manager and Underwriter the fees referred to in section 10.9 for those services.

Corrs Chambers Westgarth has acted as Australian legal adviser in connection with the Offer. Fees payable by PWR for these services are estimated to be approximately \$175,000. Further amounts may be paid to Corrs Chambers Westgarth in accordance with its time-based charge-out rates.

PricewaterhouseCoopers Securities Limited is the investigating accountant and has prepared the Investigating Accountant's Report in section 6. PWR has incurred \$125,000 for such services to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Limited in accordance with its time-based charge-out rates.

Unless stated otherwise, all such payments have been paid or are payable in cash and exclude GST.

## **9.5 Consents to be named and disclaimers of responsibility**

Each of the parties referred to below:

- has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in the Prospectus and to the inclusion of any statements mentioned below in the form and context in which they appear; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility or liability for any part of or any statement in or omission from the Prospectus other than as specified below.

Morgans Corporate Limited has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Lead Manager and Underwriter in the form and context in which it is named.

Corrs Chambers Westgarth has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as PWR's Australian legal advisers (other than in relation to taxation law) in the form and context in which it is named.

PricewaterhouseCoopers Securities Limited has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to (i) be named in this Prospectus as investigating accountant to PWR in the form and context in which it is named and (ii) the inclusion in this Prospectus of its Investigating Accountant's Report in section 6 in the form and context in which it is included.

KPMG has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to PWR in the form and context in which it is named.

Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as PWR's Share Registry in the form and context in which it is named. Computershare Investor Services Pty Limited has not taken part in the preparation of any part of this Prospectus other than the recording of its name as Share Registry to PWR.

## **9.6 Expenses of the Offer**

The expenses connected with the Offer, including ASX and ASIC fees, underwriting fees, accounting and tax fees, legal fees, share registry fees as well as printing, advertising and public relations costs and other miscellaneous expenses are currently estimated to be approximately \$4 million and will be paid by PWR.

## **9.7 Legal proceedings**

As far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which PWR is directly or indirectly concerned which are likely to have a material adverse effect on the business or financial position of PWR.



## 9.8 Taxation

This is a general description of the Australian income tax consequences for Shareholders.

This summary provides an overview of the relevant Australian income tax considerations for Australian resident Shareholders associated with the payment of dividends by PWR and the future disposal of Shares.

The summary does not cover Australian income tax considerations for non-resident Shareholders or Shareholders that hold Shares in a capacity as trustee of a trust or a partner in a partnership. Such Shareholders or resident Shareholders who become non-residents following investment in PWR should seek their own tax advice.

The Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. Your individual circumstances may affect the tax implications of your investment. You should seek appropriate independent professional advice that considers the tax implications in respect of your own specific circumstances.

PWR disclaims all liability to any investor or other party for all costs, loss, damage and liability that the investor 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 any person or any reliance on it.

Unless otherwise indicated, the comments are based on the income tax law, established interpretations of that law and understanding of the practice of the tax authority in Australia as at the date of this Prospectus. Investors should also be aware that the Australian tax rules are continuing to undergo significant change.

### (A) TAXATION OF DIVIDENDS

Generally, any dividends are paid to Shareholders from profits of the Company. Shareholders will generally receive credits for any Australian corporate tax that has been paid by the Company on these profits. These credits are known as “franking credits” and they represent the extent to which a dividend is “franked” by the Company. It is possible for a dividend to be fully or partly franked or unfranked. Where a dividend is partly franked the franked portion is treated as fully franked and the remainder as being unfranked.

It should be noted that the definition of dividend for Australian income tax purposes is broad and can include certain capital returns and off-market share buy-backs.

The comments below on the taxation of dividends apply only to Shareholders who are taxpaying (where the dividends are not exempt from tax in their hands).

#### Assessability of dividends

Shareholders will need to include any dividends in their assessable income in the year in which the dividends are paid. In addition, to the extent that the dividends are franked, then the franking credits attaching to the dividends must also be included in their assessable income (that is, the dividends are grossed-up). Shareholders are taxed at the tax rate applicable to them on the dividends received and the attached franking credits.

Shareholders will be entitled to a “tax offset” equal to the amount of franking credits received, reducing overall tax payable.

Shareholders will:

- receive a tax benefit if the franking credits attached to the dividend exceed their tax payable on the grossed up dividend: and
- need to pay additional tax if the tax payable as a result of receiving the dividend exceeds the franking credits attached to the dividend.

#### Denial of the benefit of franking credits

In certain circumstances, the benefit of franking credits can be denied, in which case Shareholders do not need to include an amount for the franking credits in their assessable income and are not entitled to a tax offset. These circumstances are where:

- the Shareholder is not a qualified person. Broadly, to be a qualified person, two tests must be satisfied, namely the “holding period rule” and the “related payments rule”. In broad terms, if Shareholders have held the shares at risk for at least 45 days (excluding the dates of acquisition and disposal) they will pass the holding period rule and will not be disqualified from the benefit of franking credits. The related payment rule broadly applies to deny the benefit of franking credits where the taxpayer has made or will make a related payment in respect of the dividends and the taxpayer does not satisfy the holding period rule;
- the Commissioner of Taxation has made a determination that the dividends are paid as part of a scheme to enable a taxpayer to obtain an imputation benefit;
- the Commissioner of Taxation has made a determination that the dividends are paid as part of a dividend streaming arrangement; or
- the dividends are paid as part of a dividend stripping operation.

#### Excess franking credits and refunds

Individuals and complying superannuation funds are entitled to claim a refund for any excess franking credits (where the tax offset on franked dividends exceeds the tax otherwise payable on taxable income). For companies however, the franking credits received can not give rise to a refund, but excess franking credits may in some circumstances be able to be converted into carry forward losses.

#### Treatment of franking credits by corporate shareholders

Australian resident corporate Shareholders are also entitled to franking credits in their franking accounts equal to the franking credits attaching to the dividends paid to them. Australian resident corporate Shareholders can in turn use the credits to make frankable distributions to their shareholders.

### (B) TAXATION OF FUTURE SHARE DISPOSALS

#### Shares held for trading or on revenue account

Australian Shareholders who trade Shares in the ordinary course of their business and/or hold their Shares on revenue account must include any gains/(losses) made on the disposal of their Shares in their assessable income.

## Shares held on capital account

Australian resident Shareholders who hold their Shares on capital account must consider the impact of Australian capital gains tax rules on the disposal of their Shares.

A Shareholder derives a capital gain on the disposal of Shares where the capital proceeds received on disposal exceed the capital gains tax cost base of those Shares. The cost base of each Shareholder should generally be equal to the issue price of the Shares and, among other things, any incidental costs of acquisition.

A Shareholder incurs a capital loss on the disposal of Shares where the capital proceeds received on disposal is less than the reduced capital gains tax cost of the Shares.

All capital gains and losses for the income year are added together to produce a net capital gain position for that income year. A net capital gain for an income year is included in the resident taxpayer's assessable income and is subject to taxation in Australia. A net capital loss is effectively quarantined and may generally be carried forward to future income years to be deducted against future capital gains.

Individual Shareholders may be entitled to a concession on the amount of capital gains assessed. The concession is available to individuals who hold their Shares for at least twelve months prior to disposal. The concession results in only 50% of any capital gain being assessable. Capital losses must be applied first to reduce capital gains before applying the discount capital gains tax provisions.

The capital gains tax treatment of Australian resident complying superannuation funds is, in general, the same as that set out for Australian resident individuals, except that the capital gains tax discount is one-third rather than 50%.

Capital gains made by companies are not eligible for a discount.

## (C) TAX FILE NUMBER AND AUSTRALIAN BUSINESS NUMBER

You are not obliged to quote your tax file number (TFN), or where relevant, Australian Business Number (ABN), to the Company. However, if a TFN or ABN is not quoted or you have not advised the Company that an exemption is applicable, tax is required to be deducted by the Company from certain distributions. The current rate of withholding is 49%.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the Shares.

## (D) STAMP DUTY

No stamp duty will be payable by you on the issue of Shares to you under the Offer. Under current stamp duty legislation, no stamp duty would ordinarily be payable on any subsequent transfer of Shares by you.

## (E) GOODS AND SERVICES TAX

Under current Australian law, goods and services tax will not be payable in respect of any issue or transfer of Shares.

## 9.9 International Offer Restrictions

This document does not constitute an offer of Shares of PWR in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### HONG KONG

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### NEW ZEALAND

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (FMC Act). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## SINGAPORE

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of PWR's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## 9.10 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications and bids are governed by the laws applicable in Queensland and each Applicant or bidder submits to the exclusive jurisdiction of the courts of Queensland.

## 9.11 Directors' consent

Each Director on behalf of the Company and each Founder on their own behalf, has authorised and consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent before its lodgement with ASIC.

This Prospectus is signed by Bob Thorn, a Director of PWR, under section 351 of the Corporations Act on behalf of the Company.

Signed for and on behalf of PWR by:



**Bob Thorn**

**Chairman and Non-executive Director**

# 10 DETAILS OF THE OFFER

## 10.1 The Offer

This Prospectus relates to an Offer comprising:

- a capital raising of \$24.2 million, by way of issue of 16.1 million New Shares at \$1.50 per Share; and
- a \$57.6 million sell down of 38.4 million Vendor Shares held by Founder Saleco at \$1.50 per Share.

The total number of Shares being offered under this Prospectus is therefore 54.5 million for a total Offer size of \$81.8 million. The total number of Shares on issue on Completion of the Offer will be 100 million.

These Shares will rank equally in all respects with the Shares held by the Existing Shareholders. The rights and liabilities attaching to all Shares are detailed in the Constitution. A summary of the Constitution is contained in section 9.2.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus. The Offer is fully underwritten by the Lead Manager and Underwriter and comprises:

- the Broker Firm Offer, which is open to Australian resident retail clients of Brokers who have received a firm allocation from their Broker; and
- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia, New Zealand, Singapore and Hong Kong.

## 10.2 Opening and Closing Dates

The proposed opening date for acceptance of the Offer will be 22 October 2015 or such later date as may be prescribed by ASIC.

The Offer will remain open until 5.00 pm 9 November 2015.

The Directors reserve the right to open and close the Offer at any other date and time, without prior notice.

You are encouraged to submit your Application as early as possible.

No Shares will be issued or transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus.

## 10.3 Purpose of the Offer

The purpose of the Offer is to:

- repay debt;
- facilitate the Founders to sell down a portion of their shareholding; and
- pay the costs of the Offer.

Listing on ASX will provide:

- access to capital markets to pursue growth opportunities;
- expansion of PWR's shareholder base; and
- increased corporate and public profile.

## 10.4 Source and Use of Funds

The Offer is expected to raise \$81,750,000. Proceeds received by the Company will be used to repay debt and pay the costs of the Offer. The proceeds from the sale of the Vendor Shares will be received by Founder Saleco.

SOURCE		\$
Issue of New Shares		\$24.2 million
Sale of Vendor Shares		\$57.6 million
<b>Total Sources of Funds Raised</b>		<b>\$81.8 million</b>

USES		%	\$
Repayment of debt	25%		\$20.2 million
Payments to Founders for Vendor Shares	70%		\$57.6 million
Costs of Offer	5%		\$4.0 million
<b>Total Uses of Funds Raised</b>	<b>100%</b>		<b>\$81.8 million</b>

## 10.5 Shareholding Structure

The ownership structure of PWR before and after the completion of the Offer is shown by the following:

Shareholder	PWR ownership prior to IPO		PWR ownership following completion of IPO	
	Quantity	%	Quantity	%
Founder Saleco	76.8 million	91.5%	38.4 million	38.4%
MAMLEC Pty Ltd as trustee for the Bryson Family Trust	4.2 million	5.0%	4.2 million	4.2%
Chris Paulsen	2.9 million	3.5%	2.9 million	2.9%
Investors under the Offer	0 million	0.0%	54.5 million	54.5%
Total	83.9 million	100%	100 million	100%

## 10.6 How to Apply

In order to apply for Shares you must complete and submit the Application Form that is attached to or accompanies this Prospectus in its paper copy form or downloaded in its entirety from [www.investors.pwr.com.au/investors](http://www.investors.pwr.com.au/investors). Instructions on how to complete the Application Form are set out on the reverse side of the Application Form. The Application Form must not be circulated unless accompanied by a copy of this Prospectus.

The Offer Price is \$1.50 per Share.

Applications must be for a minimum of 1,500 Shares (i.e. \$2,250) and thereafter in multiples of 100 Shares.



Applications for Shares must be accompanied by Application Money in full. Complete a paper copy of the Application Form (Application Forms will not be accepted electronically) and send it, with your Application Money in Australian currency, by the Closing Date to:

POST	DELIVERY
<b>Morgans Corporate Limited</b> GPO Box 202 Brisbane QLD 4001	<b>Morgans Corporate Limited</b> Level 29, Riverside Centre 123 Eagle Street Brisbane QLD 4001

If you have received a firm allocation of Shares from your Broker, please follow the instructions set out in section 10.7.

If you have questions on how to complete the Application Form, or you require additional copies of this Prospectus, you can:

- contact the Lead Manager and Underwriter on 1800 777 946; or
- visit the website at [www.pwr.com.au/investors](http://www.pwr.com.au/investors) to download a copy of this Prospectus and the Application Form.

The Directors reserve the right to vary the opening and closing dates of the Offer.

## 10.7 Broker Firm Offer

If you have received a 'firm' allocation of Shares from your Broker, your application and payment procedures will differ in two important respects from those described above:

- your cheque for your Application Money must be made **payable to the Broker**; and
- your completed Application Form and cheque must be **delivered to the Broker** directly (not to the Share Registry).

Applicants who receive a firm allocation of Shares must lodge their Application Form and Application Money with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Your Broker will act as your agent in submitting your Application.

PWR, the Share Registry and the Lead Manager and Underwriter take no responsibility for any acts or omissions by your Broker in connection with your Application, Application Form or Application Money.

The procedure should be explained to you in further detail by your Broker. If you have a firm allocation of Shares and are in any doubt about what action to take, you should immediately contact the Broker who has made you the firm offer.

## 10.8 Institutional Offer

The Institutional Offer consists of an invitation prior to or after the Prospectus date to certain institutional investors in Australia, New Zealand, Singapore and Hong Kong to apply for Shares under this Prospectus. Application procedures for Institutional Investors have been, or will be, advised to the Institutional Investors by the Lead Manager and Underwriter.

## 10.9 Management and underwriting of the Offer

The Offer is being managed by Morgans Corporate Limited as Lead Manager and Underwriter under the Underwriting Agreement. PWR, Founder Saleco and the Lead Manager and Underwriter have entered into the Underwriting Agreement.

Under the agreement, the Lead Manager and Underwriter has agreed to underwrite the Offer and to manage and coordinate the Offer.

### (A) UNDERWRITING AND MANAGEMENT FEES

PWR must pay the Lead Manager and Underwriter management and underwriting fees equal to 3% of the total proceeds of the Offer.

### (B) INCENTIVE FEE

PWR may (at its discretion) also pay the Lead Manager and Underwriter an incentive fee of 0.5% of the total proceeds of the Offer, taking into account the outcome of the Offer and the Lead Manager and Underwriter's role in project managing the Offer and its efficiency and quality of service.

### (C) COSTS AND EXPENSES

The Company has agreed to pay the legal costs and expenses of the Lead Manager and Underwriter in connection with the preparation and negotiation of the Underwriting Agreement.

### (D) REPRESENTATIONS AND UNDERTAKINGS

The Underwriting Agreement contains representations and undertakings provided by PWR and representations by Founder Saleco to the Lead Manager and Underwriter.

PWR's representations relate to matters such as:

- PWR's status and power to enter into certain agreements, its compliance with the Constitution, applicable laws and the Material Contracts;
- the accuracy and material completeness of the information supplied by or on behalf of PWR to the Lead Manager and Underwriter;
- the accuracy of the content of this Prospectus and its compliance with the Corporations Act and the ASX Listing Rules; and
- the compliance of the issue of the New Shares with the Constitution and applicable laws.

Founder Saleco's representations relate to matters such as:

- Founder Saleco's status and power to transfer the Vendor Shares free from any security interests;
- the accuracy and material completeness of the information supplied by or on behalf of Founder Saleco to the Lead Manager and Underwriter;
- the absence of proceedings involving Founder Saleco; and
- the solvency of Founder Saleco.

PWR's undertakings include that it will not:

- for a period of six months after the Allotment Date, without the prior written consent of the Lead Manager and Underwriter, issue or propose to issue certain marketable securities, except as contemplated in this Prospectus or under an employee or option plan; or
- amend the Constitution or any Material Contract.

## (E) INDEMNITY

PWR agrees to keep the Lead Manager and Underwriter and its related companies and officers, employees and advisers indemnified from losses suffered in connection with the Offer, subject to customary exclusions (including fraud, wilful misconduct and negligence).

## (F) TERMINATION EVENTS

The Lead Manager and Underwriter may terminate the Underwriting Agreement at any time before the Allotment Date if:

- **(Prospectus defective)** a material statement in this Prospectus is misleading or deceptive, a material matter is omitted or this Prospectus does not contain the information required by the Corporations Act;
- **(non-compliance)** ASIC determines that this Prospectus fails to comply with the Corporations Act or any applicable Law;
- **(Due Diligence Report defective)** the due diligence report or any other information made available by or on behalf of PWR or Founder Saleco to the Lead Manager and Underwriter in relation to PWR, a company in the Group, Founder Saleco or the Offer is misleading or deceptive;
- **(market fall)** the S&P/ASX 200 Index of ASX closes on any business day at a level that is 10% or more below the level at market close on the date of this Prospectus and remains at or below that level for at least two consecutive Business Days;
- **(material adverse change in financial markets)** any of the following occurs:
  - (i) any development which has a material adverse effect on the political, financial or economic conditions or financial markets in Australia, New Zealand, the US, the UK, the People's Republic of China, Japan, Singapore or any member state of the European Union, or any development involving a prospective adverse effect on the political, financial or economic conditions or financial markets in any of those countries or member states;
  - (ii) a general moratorium on commercial banking activities in Australia, New Zealand, the US, the UK, the People's Republic of China, Japan, Singapore or any member state of the European Union is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - (iii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one day on which that exchange is open for trading;
- **(Offer Timetable)** an event specified in the Offer timetable is delayed by more than two business days, regardless of the cause of such delay (other than any delay agreed in writing between PWR and the Lead Manager and Underwriter);
- **(charges)** other than as disclosed in this Prospectus or by PWR to the Lead Manager and Underwriter in writing prior to the date of this Prospectus, a company in the Group charges, or agrees to charge, the whole or a substantial part of the business or property of the Group;
- **(future matters)** any statement in this Prospectus which relates to future matters is or becomes incapable of being met or, in the reasonable opinion of the Lead Manager and Underwriter, unlikely to be met;
- **(no ASX approval)** approval to the quotation of all of the Shares on the ASX is refused, not granted or granted subject to any condition which is not a customary quotation condition and which is unacceptable to the Lead Manager and Underwriter (acting reasonably) on or before the Allotment Date;
- **(ASX approval withdrawn)** ASX consent is withdrawn to the quotation of all of the Shares on ASX;
- **(ASIC hearing or investigation)** ASIC issues or applies for an order or indicates an intention to hold a hearing arising out of or in connection with the Offer or ASIC commences an examination of any person or requires any person to produce documents arising out of or in connection with the Offer, or any company in the Group;
- **(new circumstance)** there occurs a new circumstance that has arisen since this Prospectus was lodged that would, in the reasonable opinion of the Lead Manager and Underwriter have been required to be included in this Prospectus having regard to sections 710, 711 and 716 of the Corporations Act if it had arisen before this Prospectus was lodged in relation to PWR;
- **(Prospectus withdrawn)** at any time after the date of the Underwriting Agreement, PWR withdraws this Prospectus;
- **(offence by director or senior management)** a director of PWR or Founder Saleco is charged with an indictable offence or disqualified from managing a corporation under Part 2D.6 of the Corporations Act or any regulatory body commences (or threatens to commence) any action against any of the directors or senior management of PWR;
- **(Prospectus consent withdrawn)** any person (other than the Lead Manager and Underwriter exercising its rights under the Underwriting Agreement) gives a notice under section 733(3) of the Corporations Act or any person (other than the Lead Manager and Underwriter exercising its rights under the Underwriting Agreement) who has previously consented to the inclusion of its name in this Prospectus or to be named in this Prospectus withdraws that consent;

- **(undisclosed charge over Company's assets)** other than disclosed in this Prospectus or by PWR to the Lead Manager and Underwriter in writing prior to the date of this Prospectus, PWR or any other company in the Group grants, or agrees to grant, a security interest over the whole or a substantial part, of its business or property;
- **(Company insolvency)** an insolvency event occurs with respect to PWR, any company in the Group or Founder Saleco;
- **(Company offers Applicants refund)** any circumstance arises after lodgement of this Prospectus that results in PWR or Founder Saleco (or both) either repaying Application Money or offering Applicants an opportunity to withdraw their Applications and be repaid their Application Money;
- **(Supplementary Prospectus required but not issued)** a supplementary prospectus is lodged (whether or not it is approved by the Lead Manager and Underwriter) or the Lead Manager and Underwriter forms the view, acting reasonably, that a supplementary prospectus in relation to the Offer is required under the Corporations Act and PWR fails to lodge a supplementary prospectus in a form acceptable to the Lead Manager and Underwriter;
- **(Company's capital structure, management, or directors changed)** PWR alters its capital structure or the Constitution in any respect or if there is a change in the directors or senior management of PWR without the prior written consent of the Lead Manager and Underwriter;
- **(due diligence information misleading)** any material information supplied by or on behalf of PWR or Founder Saleco to the Lead Manager and Underwriter in relation to the Offer as part of the Due Diligence Procedure is misleading or deceptive;
- **(Notice relating to defective Prospectus)** PWR or Founder Saleco receives a notice:
  - (i) under section 730 or section 733(3) of the Corporations Act in relation to this Prospectus from any person; or
  - (ii) under section 739 of the Corporations Act from the ASIC, or if the ASIC applies for any order under Part 9.5 of the Corporations Act, or Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) or commences any investigation or hearing in relation to this Prospectus under the Corporations Act;
- **(judgment)** a judgment in an amount exceeding \$100,000 is obtained against any company in the Group and is not set aside or satisfied within 7 days;
- **(process)** any distress, attachment, execution or other process of a Governmental Agency in an amount exceeding \$100,000 is issued against, levied or enforced upon any of the assets of any entity in the Group and is not set aside or satisfied within 7 days; or
- **(ASIC Waivers and ASX Waivers)** any ASIC or ASX waiver obtained in relation to the Offer (at present there are none) are withdrawn, revoked or amended without the prior written approval of the Lead Manager and Underwriter.

The Lead Manager and Underwriter may also terminate the Underwriting Agreement if any of the following events occur, but only if the Lead Manager and Underwriter has reasonable grounds to believe and does believe the event has or is likely to have a material adverse effect on certain factors including (but not limited to) the success of the Offer or the likelihood of the Lead Manager and Underwriter incurring liability:

- **(change – PWR)** any adverse change occurs in the assets, liabilities, financial position or prospects of PWR and any company in the Group (insofar as the position in relation to a company in the Group will or may affect the overall position of PWR) including without limitation any adverse change in the assets, liabilities, financial position or prospects of a company in the Group from those disclosed in this Prospectus;
- **(hostilities)** hostilities not presently existing begin (whether war has been declared or not) involving any one or more of Australia, New Zealand, the US, the UK, China, Indonesia, Japan, Singapore or any member state of the European Union, or a national emergency is declared by any of those countries, or a major terrorist act is perpetrated in any of those countries;
- **(change of law)** there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State or Territory of Australia or into any legislature or like body of any other jurisdiction a new Law or the Reserve Bank of Australia or any Commonwealth or State or Territory authority or any other like authority of any other jurisdiction adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or regulate the business activity of PWR or a company in the Group, the Offer, capital raisings generally in Australia or stock markets generally in Australia;
- **(breach of law)** there occurs a contravention by PWR, by any company in the Group or by Founder Saleco of the Corporations Act, or their constitutions;
- **(change to Material Contract)** any Material Contract is varied, repudiated, rescinded or terminated without the Lead Manager and Underwriter's written consent (such consent not to be unreasonably withheld or delayed);
- **(default under Material Contract)** there is a default by the relevant company in the Group under any Material Contract, a circumstance arises that, in the reasonable opinion of the Lead Manager and Underwriter, will give rise to such a default or, in respect of the Vendor Sell Down Deed a matter or circumstance arises that, in the reasonable opinion of the Lead Manager and Underwriter, would cause a warranty or representation given by any party to the Sell Down Deed (other the Lead Manager and Underwriter) to be incorrect in a material particular;

- **(default under Underwriting Agreement)** there is a default by PWR or Founder Saleco in the performance of any of its obligations under the Underwriting Agreement and that failure is not remedied to the satisfaction of the Lead Manager and Underwriter within a reasonable period after being given notice of the breach by the Lead Manager and Underwriter; or
- **(breach of warranty)** a representation or warranty made or given or deemed to have been made or given by PWR or Founder Saleco under the Underwriting Agreement proving to have been untrue or incorrect in any material respect and the matters rendering the representation or warranty untrue in such respect are not remedied to the satisfaction of the Lead Manager and Underwriter (acting reasonably).

## 10.10 Brokerage, commission and stamp duty

You do not have to pay brokerage, commission or stamp duty if you acquire Shares under the Offer. Various fees are payable by PWR in relation to the Offer to the Lead Manager and Underwriter and other advisers, details of which are set out in sections 9.4(D) and 10.9.

## 10.11 Allocation of Shares

The allocation of Shares:

- between New Shares and Vendor Shares;
- between the Institutional Offer and the Broker Firm Offer; and
- to participants within the Institutional Offer,

will be determined by the Lead Manager and Underwriter and the Company, having regard to the following factors:

- desire to foster a stable, long term share register;
- desire for a liquid and informed trading market for the Shares;
- overall level of demand for Shares under the Offer; and
- any other factors that the Lead Manager and Underwriter and the Company consider appropriate.

There is no assurance that any person will be allocated any Shares or the number of Shares for which they apply. It is intended that all Shares will be allocated via a Broker Firm Offer.

Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Money will be returned to that Applicant. PWR is entitled to retain any interest earned on Application Money. No interest will be paid on refunded Application Money.

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

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

## 10.12 Allotment or transfer

Subject to PWR's admission to the Official List, allotment or transfer of the Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

The Directors reserve the right to allot the Shares in full for any Application or to allot any lesser number or to decline any Application if they believe the Application does not comply with applicable laws or regulations.

## 10.13 Valid Application Forms

An Application Form may only be distributed with, attached to or accompany a complete and unaltered copy of this Prospectus.

By completing and lodging an Application Form received with this Prospectus, you as the Applicant represent and warrant that you have personally received a complete and unaltered copy of this Prospectus prior to completing the Application Form.

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

An Application Form is an irrevocable acceptance of the Offer.

If an Application Form is not completed correctly, or if the accompanying payment of the Application Money is for the wrong amount, the Company may still treat it as a valid Application. The Directors' decision whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the sum of the cheque for the Application Money.

## 10.14 ASX Listing

PWR will apply to ASX for the admission of PWR to the Official List and for official quotation of the Shares offered under the Offer as soon as practicable following the lodgement of this Prospectus, and in any event within seven days after the date of lodgement of this Prospectus.

PWR has reserved the ASX code 'PWH'. If PWR is admitted to the Official List, quotation of the Shares will commence as soon as practicable following the issue of CHESSE statements. It is expected that trading of the Shares on ASX will commence on or about 18 November 2015.

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

If ASX does not admit the Shares to quotation within three months of the date of this Prospectus (or within such longer period as may be permitted by ASIC), no Shares will be issued or transferred under the Offer and all Application Money received under the Offer will be returned to Applicants without interest. PWR will retain any interest earned on the Application Money.



## 10.15 ASX Clearing House Electronic Sub-register system

PWR will apply to participate in CHESS, in accordance with the ASX Listing Rules and the ASX Settlement 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 Securityholder 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. Certificates will not be issued.

## 10.16 Commencement of Trading

It is the responsibility of 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. PWR, the Founders, the Share Registry, and the Lead Manager and Underwriter disclaim 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 settlement basis in accordance with the key dates at the start of this Prospectus.

## 10.17 Foreign selling restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. In particular, the Shares have not been, and will not be, registered under the US Securities Act, and may not be offered or sold in the United States of America. The Prospectus may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction. This Offer does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer or issue this Prospectus.

For further information, please refer to section 9.9.

## 10.18 Taxation considerations

The taxation consequences of an investment in PWR will depend upon your particular circumstances. You should make your own enquiries about the taxation consequences of an investment in PWR before making an Application. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser. Refer to section 9.8 for further detail.

## 10.19 Withdrawal

PWR reserves the right to withdraw the Offer at any time before the issue or transfer of Shares to Successful Applicants. If the Offer is withdrawn, Application Money will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer or otherwise. The Company will retain any interest which accrues on Application Money.

## 10.20 Further information

You can access this Prospectus and information about the Offer in electronic form at [www.pwr.com.au/investors](http://www.pwr.com.au/investors).

If you have any queries in relation to this Prospectus, including how to complete the Application Form or how to obtain additional copies, you can:

- contact the Lead Manager and Underwriter on 1800 777 946; or
- visit the website [www.pwr.com.au/investors](http://www.pwr.com.au/investors) to download a copy of the Prospectus and Application Form.

If you are unclear in relation to any matter or are uncertain as to whether PWR is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant or other independent professional adviser.



# 11

## GLOSSARY

In this Prospectus, the following terms and abbreviations have the following meanings, unless the context otherwise requires:

<b>AEST</b>	Australian Eastern Standard Time
<b>\$</b>	The lawful currency of Australia
<b>ALLOTMENT DATE</b>	The date Shares are allotted under the Offer
<b>APPLICANT(S)</b>	A person(s) who submits a valid Application
<b>APPLICATION</b>	An application to apply for Shares under this Prospectus
<b>APPLICATION FORM</b>	An application form attached to or accompanying this Prospectus
<b>APPLICATION MONEY</b>	The aggregate amount of money payable by an Applicant for Shares applied for under the Offer
<b>ASIC</b>	The Australian Securities and Investments Commission
<b>ASPL</b>	ASX Settlement Pty Ltd ACN 008 504 532
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires
<b>ASX RECOMMENDATIONS</b>	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
<b>ASX LISTING RULES</b>	The official listing rules of the ASX, as amended from time to time
<b>ASX SETTLEMENT RULES</b>	The operating rules of the settlement facility provided by ASPL
<b>BANK FACILITIES</b>	The Bank Facilities as described in section 8(C)
<b>BOARD OR BOARD OF DIRECTORS</b>	The board of Directors of PWR
<b>BROKER</b>	Any ASX participating organisation selected by the Lead Manager and Underwriter to participate in the Broker Firm Offer
<b>BROKER FIRM OFFER</b>	The invitation to apply for Shares made under this Prospectus to Australian resident clients of Brokers who have received an invitation to participate from their Broker
<b>CAB</b>	Controlled atmosphere braze
<b>CAMS</b>	Confederation of Australian Motor Sport
<b>C&amp;R</b>	C&R Racing, Incorporated, a company organised in the State of Delaware
<b>CEO</b>	The chief executive officer of PWR
<b>CHAIRMAN</b>	The chairman of the Board
<b>CHESS</b>	Clearing House Electronic Sub-register System
<b>CLOSING DATE</b>	The date by which Applications must be lodged for the Offer, expected to be 9 November 2015
<b>CNC</b>	Computer Numerical Control
<b>CONSTITUTION</b>	The constitution of PWR
<b>CORPORATIONS ACT</b>	<i>Corporations Act 2001</i> (Cth)
<b>DIRECTOR</b>	A director of PWR
<b>DTM</b>	Deutsche Tourenwagen Masters
<b>EBIT</b>	Earnings before interest and tax
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation
<b>ERP</b>	Enterprise Resource Planning
<b>EXISTING SHAREHOLDERS</b>	The holders of Shares prior to the date of this Prospectus

<b>FINANCIAL INFORMATION</b>	Together the: <ul style="list-style-type: none"> <li>• Historical Financial Information; and</li> <li>• Forecast Financial Information</li> </ul>
<b>FORECAST FINANCIAL INFORMATION</b>	The meaning given in section 5
<b>FORECAST PERIOD</b>	The reporting period in which PWR is providing Forecast Financial Information in this Prospectus
<b>FOUNDERS</b>	The founders of the PWR business, Kees Weel and Paul Weel, whose interest in PWR is held by KPW Property Holdings Pty Ltd ACN 107 917 635, a company controlled by Kees Weel and Paul Weel, as trustee of the KPW Holdings Trust, a discretionary trust
<b>FOUNDER SALECO</b>	KPW Property Holdings Pty Ltd ACN 107 917 635, a company controlled by Kees Weel and Paul Weel, as trustee of the KPW Holdings Trust, a discretionary trust
<b>FY13</b>	The financial year ending 30 June 2013
<b>FY14</b>	The financial year ending 30 June 2014
<b>FY15</b>	The financial year ending 30 June 2015
<b>FY16</b>	The financial year ending 30 June 2016
<b>GROUP</b>	PWR and its Subsidiaries
<b>GST</b>	Goods and services tax
<b>HISTORICAL FINANCIAL INFORMATION</b>	The meaning given in section 5
<b>IMSA</b>	International Motor Sports Association
<b>INSTITUTIONAL OFFER</b>	The offer of Shares to institutional investors described in section 10.8
<b>IPO</b>	Initial public offering
<b>K&amp;J</b>	K&J Radiator Industries
<b>LEAD MANAGER AND UNDERWRITER</b>	Morgans Corporate Limited AFSL 235407
<b>LISTING</b>	The admission of PWR to the Official List
<b>MATERIAL CONTRACTS</b>	The Material Contracts described in section 8
<b>NASCAR</b>	National Association for Stock Car Auto Racing
<b>NEW SHARES</b>	16.1 million Shares to be issued by PWR under the Offer
<b>NON-EXECUTIVE DIRECTOR</b>	A Director who is not a member of management
<b>NPAT</b>	Net profit after tax
<b>NPBT</b>	Net profit before tax
<b>OEM</b>	Original equipment manufacturer

<b>OFFER</b>	The offer of 54.5 million Shares at the Offer Price on the terms set out in this Prospectus
<b>OFFER PERIOD</b>	The period during which the Offer is open for acceptance, commencing when the Offer opens and ending on the Closing Date
<b>OFFER PRICE</b>	\$1.50 per Share, being the price Successful Applicants will pay for Shares
<b>OFFICIAL LIST</b>	The official list of entities that ASX has admitted and not removed from listing
<b>ORMEAU PREMISES</b>	The purpose built office, design, testing, production and distribution facility located at 103 Lahrs Road, Ormeau QLD 4208
<b>PRIVACY ACT</b>	<i>Privacy Act 1988</i> (Cth)
<b>PROSPECTUS</b>	This document for the Offer, including both hard copy and electronic versions, and any supplementary or replacement document
<b>PWR OR COMPANY</b>	PWR Holdings Limited ACN 164 749 615, a company incorporated in Australia, and includes its Subsidiaries, as relevant
<b>SHARE</b>	A fully paid ordinary share in the capital of PWR
<b>SHARE REGISTRY</b>	Computershare Investor Services Pty Limited or any other share registry that PWR appoints to maintain the register of Shares
<b>SHAREHOLDER</b>	A holder of Shares
<b>STI PLAN</b>	The Company's short term incentive plan as described in section 9.4
<b>SUBSIDIARIES</b>	The wholly owned subsidiaries of PWR, being P.W.R. Performance Products Pty Ltd ACN 081 798 996, PWR IP Pty Ltd ACN 604 823 047, PWR Europe Limited and C&R Racing Inc.
<b>SUCCESSFUL APPLICANT</b>	An applicant who is (or will be) allotted or transferred Shares under the Offer
<b>UK</b>	The United Kingdom and its territories and possessions
<b>UNDERWRITING AGREEMENT</b>	The agreement between the Lead Manager and Underwriter, PWR and Founder Saleco under which the Lead Manager and Underwriter has agreed to underwrite the Offer
<b>US OR UNITED STATES</b>	The United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
<b>US SECURITIES ACT</b>	The <i>United States Securities Act of 1933</i> , as amended
<b>VENDOR SELLDOWN DEED</b>	The agreement between the Lead Manager and Underwriter, PWR, Founder Saleco and the Founders under which Founder Saleco has agreed to sell the Vendor Shares under the Offer
<b>VENDOR SHARES</b>	34.8 million Shares to be sold by Founder Saleco under the Offer
<b>WRC</b>	World Rally Championship

# 12

## APPLICATION FORM





PWR Holdings Limited  
ABN 85 105 326 850

# OFFER 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.

### A I/We apply for

Number of Shares at \$1.50 per Share. Applications must be a minimum of 1,500 Shares (\$2,250) or a greater number in multiples of 100 Shares (\$150).

### B I/We lodge full Application Money

A\$

### C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

### D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

### E Enter your contact details

Contact Name Telephone Number - Business Hours

### F CHESS Participant

Holder Identification Number (HIN)

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

### G Payment details - Please note that funds are unable to be directly debited from your bank account

Drawer Cheque Number BSB Number Account Number Amount of cheque

Make your cheque, money order or bank draft payable to the broker and crossed 'not negotiable'

#### By submitting this Application Form:

- I/We declare that this application is complete and lodged according to the Prospectus dated 13 October 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 PWR Holdings Limited ('the Company')

See overleaf for completion guidelines →

## 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 1,500 Shares (\$2,250) or a greater number in multiples of 100 Shares (\$150). 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 \$1.50 per Share. The minimum amount of Application monies is \$2,250 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 the broker, 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.**

If you are lodging the Application Form under the Broker Firm Offer, you warrant and represent that:

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

### Lodgement of Application

Application Forms must be received by Morgans Corporate Limited by no later than 5:00pm AEST on the closing date of the offer. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

**Morgans Corporate Limited**  
GPO Box 202, Brisbane QLD 4001

Neither CIS, the Company nor Morgans Corporate Limited 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 the Lead Manager and Underwriter on 1800 777 946.

### 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	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or 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

# CORPORATE DIRECTORY

## COMPANY

PWR Holdings Limited  
103 Lahrs Road  
Ormeau QLD 4208  
[www.pwr.com.au](http://www.pwr.com.au)

## BOARD OF DIRECTORS

Bob Thorn (Non-executive Director and Chairman)  
Kees Weel (Executive Director)  
Jeff Forbes (Non-executive Director)  
Teresa Handicott (Non-executive Director)

## COMPANY SECRETARY

Lisa Dalton

## LEAD MANAGER AND UNDERWRITER

Morgans Corporate Limited  
Level 29, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000  
[www.morgans.com.au](http://www.morgans.com.au)

## LEGAL ADVISER

Corrs Chambers Westgarth  
Level 42  
111 Eagle Street  
Brisbane QLD 4000  
[www.corrs.com.au](http://www.corrs.com.au)

## AUDITOR

KPMG  
Level 16, Riparian Plaza  
71 Eagle Street  
Brisbane QLD 4000  
[www.kpmg.com.au](http://www.kpmg.com.au)

## INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Limited  
Level 15, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000  
[www.pwc.com.au](http://www.pwc.com.au)

## SHARE REGISTRY

Computershare Investor Services Pty Limited  
117 Victoria Street  
West End QLD 4101  
[www.computershare.com.au](http://www.computershare.com.au)



103 Lahrs Road Ormeau QLD 4208

[www.pwr.com.au](http://www.pwr.com.au)