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MARTIN AIRCRAFT COMPANY LIMITED
A company registered in New Zealand with company number 901393
(ARBN 601 582 638)

PROSPECTUS

Initial Public Offering of up to 50 million fully paid ordinary shares at A$0.50 or NZ$0.55 each to raise up to A$25 million

This offer is not underwritten

This is an important document that should be read in its entirety. If you do not understand any part of this Prospectus, or any of its content, we recommend that you consult with your professional adviser.



LEAD MANAGER

ORD MINNETT

LEAD ADVISOR

AXSTRA CAPITAL

IMPORTANT INFORMATION

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This is an important document which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about an investment in the company or any of the matters contained in this Prospectus.

Martin Aircraft Company Limited (**Company**) is a company incorporated in New Zealand.

LODGEMENT AND LISTING

The Prospectus is dated 27 October 2014 and has been lodged with the Australian Securities and Investments Commission (**ASIC**) on that day.

The Company will apply to ASX Limited (**ASX**) within seven days after the date of this Prospectus, for admission to the Official List and for Official Quotation of the Shares to be issued under the Offer. Neither ASIC nor ASX takes any responsibility for the content of this Prospectus. Admission to the Official List is in no way an indication of the merits of the Offer or the Company.

EXPIRY DATE

This Prospectus expires on 27 November 2015 (Expiry Date). No Shares will be allotted, issued, transferred or sold on the basis of this Prospectus after the Expiry Date.

OFFER

This Prospectus contains an invitation to apply for Shares. The Company reserves the right to accept subscriptions for up to 50 million Shares, which will raise up to an aggregate A$25 million. Depending on the number of Applicants who invest in NZ$ and exchange rate fluctuations the Company may raise slightly more than A$25 million. No Shares will be issued until the Minimum Subscription amount of A$10 million has been received.

DISCLAIMER

No person is authorised to provide any information, or to make any representation, about the Company or in connection with the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus. Any information or representation not contained in the Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. Except as required by law and only to the extent required by such law, neither the Company nor any other person associated with the Company or the Offer guarantees or warrants the future performance of the Company, the return on an investment made under the Prospectus, the repayment of capital or the payment of dividends on the Shares.

Before deciding to invest in the Company, investors should read the entire Prospectus. The information contained in individual Sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Company or the Shares offered under the Prospectus. The Offer does not take into account the investment objectives, financial situation or particular needs of individual investors. An investment in the Company should be considered speculative. You should carefully consider the risks (including those set out in Section 10) that impact on the Company in the context of your personal requirements (including your financial and taxation position) and, if required, seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser prior to deciding to invest in the Company. No cooling-off regime (whether provided for by law or otherwise) applies in respect of the acquisition of Shares under this Prospectus.

The information in this Prospectus is not financial product advice and the Company is not licensed to provide financial product advice in respect of the Shares or any other financial products.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, statements identified by use of the words “believes”, “estimates”, “anticipates”, “expects”, “predicts”, “intends”, “targets”, “plans”, “goals”, “outlook”, “aims”, “objective”, “potential”, “guidance”, “forecasts”, “may”, “will”, “would”, “could” or “should” and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company, its Directors and its management. They are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Any or all of the Company’s forward-looking statements may turn out to be inaccurate.

As set out above, the Company does not make any representation, express or implied, in relation to forward-looking statements and you are cautioned not to place undue reliance on these statements. The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These statements are subject to various risk factors that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are set out in Section 10. These and other factors could cause actual results to differ materially from those expressed in any statement contained in this Prospectus.

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

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CURRENCY

Unless otherwise specified, a reference to NZD or NZ$ is a reference to New Zealand dollars, and a reference to cents is a reference to New Zealand cents unless otherwise specified. A reference to AUD or A$ is a reference to Australian dollars. For the purpose of converting the issue price of new Shares from A$ to NZ$ and for converting the value of NZ$ denominated amounts to A$, the following exchange rate has been used A$1.00:NZ$1.10, unless stated otherwise.

NOTICE TO OVERSEAS INVESTORS

Please refer to Section 13.6 in relation to the ability of foreign investors to participate as Applicants in the Offer.

This Prospectus does not constitute an offer or invitation in any place in which, or to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Securities in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside of Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

NEW ZEALAND INVESTORS

a) This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

b) This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.

c) There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

d) The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

f) The taxation treatment of Australian securities is not the same as for New Zealand securities.

g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

h) The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

i) If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

j) If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

EXPOSURE PERIOD

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of 7 days after the date of its lodgement with ASIC, which period may be extended by ASIC by a further period of 7 days.

The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds under the Offer. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, the Company will:

- Return any Application Monies that the Company has received; or
- Provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency, and give each Applicant the option to withdraw the Application within 1 month and be repaid the Subscription Amount; or
- Issue to each Applicant the Shares applied for in the Application, provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency and give each Applicant the option to withdraw the Application within 1 month and be repaid the Application Monies.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

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ELECTRONIC PROSPECTUS

The Prospectus may be viewed online at www.martinjetpack.com/offer. The information on www.martinjetpack.com/offer does not form part of this Prospectus.

The Offer pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia and New Zealand. The Company is entitled to refuse an application for Securities under this Prospectus if it believes the Applicant received the Offer outside Australia or New Zealand in non compliance with the laws of any foreign jurisdiction.

Any person accessing the electronic version of this Prospectus, for the purpose of making an investment in the Company, must only access the Prospectus from Australia or New Zealand, or any jurisdiction outside Australia or New Zealand where the distribution of the electronic version of this Prospectus is not restricted by law.

APPLICATIONS

The Shares to which this Prospectus relates will only be issued on receipt of an Application Form issued together with the Prospectus.

Applications must be made by completing the appropriate Application Form that forms part of, is attached to, or accompanies this Prospectus or by applying online at www.martinjetpack.com/offer

Application Forms must be completed in accordance with the accompanying instructions. Applicants who are residents of Australia should complete the Australian Application Form. If applying online, an applicant who has entered an Australian address will automatically be provided with the correct Application Form.

Applicants who are residents of New Zealand should complete the New Zealand Application Form. If applying online, an applicant who has entered a New Zealand address will automatically be provided with the correct Application Form.

The New Zealand and Australian Application Forms differ in the currency of application and payment mechanisms open to applicants.

Applicants may apply online for the Shares. Any Applicants applying online must personally complete the online Application Form and pay the Application Monies using one of the mechanisms provided. Application Forms completed online must not be completed by third parties, including authorised third parties (e.g. the Applicant's Broker).

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a hard copy of this Prospectus or accompanies the complete and unaltered electronic version of this Prospectus.

During the Offer Period, any person may obtain a paper copy of this Prospectus by contacting the Share Registry's offer information line on 1800 095 654 (within Australia), 0800 767 556 (within New Zealand), or +61 1800 095 654 (International). Questions relating to the Offer may also be directed to the Share Registry's offer information line.

PRIVACY

By completing an Application Form (or authorising a broker to do so on your behalf), you are providing personal information to the Company and Link Market Services as the Share Registry, which is contracted by the Company to manage Applications, and you consent to the collection, storage, use and disclosure of that personal information in accordance with these terms. That personal information will be collected, held, used and disclosed both in and outside of Australia by the Company, and the Share Registry on its behalf, to process your Application, service your needs as a security holder, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company / the Share Registry may not be able to process your Application.

Once you become a shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's public Share register. This information must continue to be included in the Company's public Share register even if you cease to be a shareholder.

The Company and the Share Registry on its behalf, may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- The Share Registry for ongoing administration of the Company's public Share register;
- Printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- The Lead Manager in order to assess your Application;
- Market research companies for the purpose of analysing the Company's Shareholder base and for product development and planning; and
- Legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering and advising on the Securities and for associated actions.

Under the Privacy Act 1988 (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or its Share Registry, details of which

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are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

GLOSSARY

Certain terms and abbreviations in this Prospectus have defined meanings that are explained in the Glossary to this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter.

PHOTOGRAPHS AND DIAGRAMS

All photographs in this Prospectus depict matters relating to the Company and it's operations and are provided for illustration purposes only. Diagrams in this Prospectus that do not have accompanying descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses this Prospectus or it's contents. Unless otherwise stated, all data contained in the charts, graphs and tables is based on information available at the date of this Prospectus.

APPLICATION FORM

By lodging an Application Form, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not accompanied by, or attached to, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way. Detailed instructions on completing the Application Form can be found on the back of the Application Form. The acceptance of an Application Form and the allocation of Shares are at the discretion of the Company.

COMPANY WEBSITE

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

The Company's website address is www.martinjetpack.com

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KEY OFFER INFORMATION

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2.1 IMPORTANT DATES

EVENT	DATE
Lodgment of the Prospectus with ASIC	Monday 27th October 2014
Offer opening date / ASX Bookbuild Opens	Tuesday 4th November 2014
Offer closing date / ASX Bookbuild closes and share allocations advised	Friday 28th November 2014 [a]
Allotment of Shares (Completion of Offer)	Thursday 4th December 2014
Dispatch of holding statements	Friday 5th December 2014
Normal trading of Shares on ASX	Monday 8th December 2014

Dates may change:

The above dates are indicative only and are subject to change. The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants. Applicants are encouraged to submit their Applications and payment as early as possible.

[a] The company intends to utilise, as part of the Offer, the ASX BookBuild Facility and reserves the right to vary the closing date of the ASX BookBuild without prior notice.

2.2 KEY OFFER DETAILS

Company	Martin Aircraft Company Limited, a company registered in New Zealand with company number 901393 and Australian Registered Body Number (ARBN) 601 582 638	
Proposed ASX code	MJP	
Issue price per Share	A$0.50 / NZ$0.55	
	MINIMUM SUBSCRIPTION	**MAXIMUM SUBSCRIPTION**
Total number of New Shares to be issued under the Offer	20 million	50 Million
Total number of Shares on issue after the Offer	195,279,108	225,279,108
Indicative Market capitalisation ($A)	$97.6 million	$112.6 million
Gross proceeds from the Offer ($A)[1]	$10 million	$25 million

The Company prepares its financial information in New Zealand dollars as its reporting currency. To facilitate comparison of financial information, key offer statistics, including gross proceeds from the Offer and indicative Market capitalisation at the Offer Price, have been presented in Australian dollars at an exchange rate of A$1.00:NZ$1.10 which is the spot exchange rate as at 24th October 2014.

1. The above table assumes all Applications received in A$. Applications for some Shares may be received in NZ$ at the fixed price of NZ$0.55 per Share. To the extent that the actual exchange rate differs from that implied by the fixed price per Share (A$1.00:$NZ1.10), the actual A$ proceeds of the Offer will differ as well, which may mean minor adjustments to the gross proceeds from the Offer as set out above. The Company will count any Applications received in NZ$ at the exchange rate of A$1.00:NZ$1.10 for the purpose of calculating whether the minimum subscription amount of A$10 million has been met.

LETTER FROM THE CHAIR

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Dear Investor,

On behalf of the board of directors, I am pleased to invite you to become a shareholder in Martin Aircraft Company Limited ('Martin Aircraft').

Martin Aircraft is currently developing the Martin Jetpack, with its potential usage spanning search and rescue, military, recreational and commercial applications, both manned and unmanned.

The Martin Jetpack was initially conceived and developed by Glenn Martin in Dunedin in 1981 in response to seeing another jetpack that had a 25 second flight-time limit.

This led to the founding of Martin Aircraft Company in 1998 and, with a team of experts, the development of a Jetpack that will have over 30 minutes flight capability at a speed of up to 74 kilometres per hour and altitude up to 1,000 metres.

Martin Aircraft intends to deliver the first Jetpacks to customers in 2016. These are being designed for the first responder market, which includes fire service, police, ambulance and search and rescue including natural disaster recovery. Initial production will be based on the current Prototype 12, with this version also to be used for the company's own promotions and later for the Jetpack Experience recreation opportunity. The Prototype 12 has undergone extensive test flying.

Following this, Martin Aircraft will continue to develop the Jetpack, as well as an unmanned model, the Martin Skyhook. These will be aimed at other markets such as the military, where applications could include access to and delivery of troops in difficult terrain as well as flying soldiers above mine fields.

Resultant sales would be supplemented by further revenue from ongoing maintenance and support services. Martin Aircraft is yet to begin marketing the Martin Jetpack but has fielded many inbound sales inquiries from companies and government agencies around the world.

Other potential revenue streams include Jetpack pilot training, paid public flight demonstrations and potential commercialisation of a Jetpack simulator.

This IPO will involve the offer of 50,000,000 ordinary shares at an offer price of A$0.50/ NZ$0.55 per share, to raise up to A$25 million. This will bring Martin Aircraft into the listed environment and provide funds for the Jetpack commercialisation and to assist in taking advantage of identified growth opportunities.

This prospectus contains detailed information about the Offer, Martin Aircraft, its plans for commercialisation and the risks associated with an investment in Martin Aircraft and general investment risks (see Section 10 for details of key risks relating to an investment).

Given that Martin Aircraft is currently in its development phase you should consider any investment as speculative at this stage. I encourage you to read this document carefully and in its entirety before making your investment decision.

On behalf of my fellow directors, I look forward to welcoming you as a shareholder of Martin Aircraft.

Kind regards,



Jon Mayson CNZM
Chairman



SECTION

4.0

INVESTMENT OVERVIEW

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Martin Jetpack during manned test flight

INVESTMENT OVERVIEW

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The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course of action you should follow in connection with this document, please consult your financial adviser, stockbroker, solicitor, accountant or other professional adviser before proceeding.

4.1 BUSINESS OVERVIEW

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Who is the issuer of this Prospectus?	Martin Aircraft Company Limited, New Zealand company number 901393	Section 7
What does Martin Aircraft do?	Martin Aircraft Company Limited ("MACL" or the "Company") has developed a practical jetpack (the "Martin Jetpack" or "Jetpack"). The Martin Jetpack can be flown manned or un-manned. It is currently in the final design stage to build several pre-production Jetpacks for further testing and demonstrations to potential customers. The Company plans to commercialise and manufacture the Jetpack. The Company plans to produce and deliver the first Martin Jetpacks to first responder customers, such as the fire service or ambulance service, in 2016. It also plans to make new versions of the Martin Jetpack for different markets and sell services related to the Jetpack.	Sections 7.1 and 7.3
What is the Martin Jetpack?	Martin Jetpack is a one person aircraft powered by a V4 200hp engine driving two ducted fans which produce a straight jetstream of air. It has undergone test flying and an earlier prototype was successfully flown unmanned to an altitude of around 1,500m above sea level. It has achieved forward flight speeds of up to 35km/h with computer modelling indicating it could fly at speeds of up to 100km/h. The first product is anticipated to be limited to 1,000m in altitude and 74 km/h. The Martin Jetpack is registered as an Experimental Aircraft under the Civil Aviation Authority of New Zealand and is authorised to fly both manned and unmanned (UAV).	Section 5.1 and Section 7.12
At what stage of development is the Martin Jetpack?	The Martin Jetpack is at prototype 12 stage (P12). Meaning that the current model of the Jetpack is the 12th version to be built. The Company is currently developing a pre-production model which is based upon the P12. The pre-production aircraft is expected to have increased reliability and improved design across a number of areas. It will also have the first version of the integrated ballistic parachute which will enhance safety for the pilot.	Section 5

INVESTMENT OVERVIEW

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QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Does the Company generate revenue yet?	No, the Company does not generate any revenue yet as the Jetpack remains under development. The Company is seeking to commercialise the Jetpack in 2016.	Section 7.5
What is the company's business model and business plan?	The Company's business model is to generate revenue from the manufacture and commercial sale of Jetpacks to customers. It also intends to generate further revenue from ongoing maintenance and support services. Other potential revenue streams include providing Jetpack pilot training and from paid public flight demonstrations. The Company also has plans to sell a Jetpack simulator and to investigate establishing tourism businesses for individuals to experience Jetpack flight.	Section 7.5 and 7.6.2
How will the company seek to generate returns for investors?	The Company does not yet generate revenue or profits to allow it to pay dividends. It does not anticipate paying dividends in the short to medium term as the Company plans to use all revenue for costs and growth of the Company in the medium term. However, ultimately, the Company is aiming to generate returns to investors via dividends from profits from sales of Jetpacks and associated business units.	Section 9.4.1 (n)
When will dividends be paid?	As the Company is at the pre-revenue stage, there are no immediate plans to pay dividends to shareholders.	Section 10.2

4.2 SUMMARY OF THE OFFER

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
What is the Purpose of the Offer?	To raise capital in order to fund the development, production and sale of the Martin Jetpack and related products and services.	Section 11.2
How will the proceeds of the Offer be used?	The proceeds of the Offer will be used to continue the development of the Jetpack through to commercialisation and sale to customers around the world.	Sections 9.3.2 and 9.6
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Sections 11.5.3
Can the Offer be withdrawn?	The Company 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, the Share Registry, your Broker or the Company will refund Application Monies. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 10.2 in relation to Offer Withdrawal and 11.1.1 in relation to Refunds

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QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Who can apply for Shares under the Offer?	The Offer is open to retail investors who reside in Australia and New Zealand as well as Institutional Investors in Australia, New Zealand and certain other jurisdictions determined by the Company in which it is lawful for the Company to make the Offer.	Section 11.5.1
What are the rights and liabilities attached to the Shares being offered?	A description of the Shares, including the rights and liabilities attaching to these, is set out in Section 13.5.2.	Section 13.5.2
What is the consideration payable for each security being offered?	Successful Applicants under the Offer who reside in jurisdictions outside New Zealand will pay A$0.50 per Share. Successful Applicants who reside in New Zealand will pay NZ$0.55 per Share.	Section 2.2
What is the Offer period?	The key dates, including details of the Offer period, are set out in Section 2.1. No Shares will be issued on the basis of this Prospectus later than the Expiry Date of 13 months after the Prospectus Date.	Section 2.1
What is the minimum Subscription amount under the Offer?	The Offer is conditional on the Company raising at least A$10 million. If the Company fails to raise the minimum Subscription within 4 months after the Prospectus Date, all Application Monies received by the Company will be refunded to Applicants (without interest) in accordance with the Corporations Act. The Company will count any applications received in NZ$ at the exchange rate of NZ$1.10:A$1.00 for the purpose of calculating whether the minimum subscription amount of A$10 million has been met. The maximum amount to be raised is A$25 million.	Section 11.1
What is the minimum Application amount under the Offer?	The minimum Application amount under the Offer is A$2,000 for 4,000 Shares (NZ$2,200 for New Zealand resident Applicants). If you apply for a total Application amount that is not a multiple of the Offer Price, your Application will be rounded down to the nearest multiple of the Offer Price and any difference will be retained by the Company.	Section 11.5.2
How do I apply for Shares?	Applicants are able to complete an Application Form attached to the back of this Prospectus or accompanying the electronic version of this Prospectus which is available at www.martinjetpack.com/offer Applicants in Australia should apply using the Australian Application Form and Applicants in New Zealand should apply using the New Zealand Application Form. Instructions on how to apply are set out in Section 11.5 and on the back of the Application Form. Applicants who wish to apply through ASX BookBuild should contact their Broker. You may apply for Shares by submitting a bid via the ASX BookBuild facility through your Broker. Existing Martin Aircraft Company shareholders and those who are invited to participate in the Priority Offer will be sent a Priority Offer Application Form.	Section 11.5

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QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
How do I pay?	Australian residents and other jurisdictions outside New Zealand to whom this Offer can be made should pay the Application Monies using one of the following methods: a) By BPAY®: by following the instructions on the online Application Form. This is the preferred method; or b) By cheque: Cheques should be crossed "Not Negotiable" and made out to "Martin Aircraft Company Limited"; New Zealand residents should pay the Application Monies using one of the following methods: c) By direct debit: by authorising the Share Registry to direct debit the Applicant's bank account nominated by the Applicant on the Application Form; or d) By Cheque: Cheques must be drawn on a New Zealand registered bank in NZ$ and should be crossed "Not Negotiable" and be made out to "Martin Aircraft Company Limited"	Section 11.5
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or around 4 December 2014.	Section 11.5.3
What is the allocation policy and what happens if there are oversubscriptions?	Applicants who are existing shareholders will be allotted Shares under the Offer in priority to any other Applicants. Those Applicants who pre-registered for a copy of the Prospectus will receive their allocation of Shares under the Offer in priority to Applicants who did not pre-register, but behind Applicants who are existing shareholders. In the case of oversubscriptions from either existing shareholders or Applicants who have pre-registered, the Applications will be scaled back pro rata. In the case of oversubscriptions following the processing of priority allocations to both existing shareholders or Applicants who have pre-registered, Applications will be scaled back pro rata. Within the above allocation policy, the Board has absolute discretion regarding the basis for allocation of Shares, and there is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which it has applied.	Section 11.6
What is the Closing Date for receipt of Applications	The Offer is expected to close on 28 November 2014. The Company may elect to close the Offer early, extend the Offer, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. You are encouraged to submit your Application and Application Monies as early as possible in advance of the Closing Date and to allow a sufficient period for processing time.	Section 11.5.3

INVESTMENT OVERVIEW

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QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
When will the Shares be listed?	The Company will apply within seven days of the Prospectus Date for Listing of the Shares on the ASX under the code "MJP". Completion of the Offer is conditional on the ASX approving the application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 2.1
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about 8 December 2014 on a normal settlement basis. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, the Lead Manager and the Existing Shareholders disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Company Offer Information Line or otherwise.	Section 2.1
Who is the Lead Manager to the Offer?	Ord Minnett Limited	Section 15
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 11
Are there any escrow arrangements?	Yes. There are compulsory escrow arrangements under the ASX Listing Rules.	Section 11.8.1
Who should you contact if you have an enquiry?	Please call the Company Offer Information Line on 1800 095 654 (within Australia), 0800 767 556 (within New Zealand), or +61 1800 095 654 (International) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.	Section 11.5

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4.3 BOARD & MANAGEMENT

QUESTION	ANSWER	WHERE TO FND MORE INFORMATION
Who are the Directors and Key Executives of the Company?	The Board of Directors consist of; ▸ Jon Mayson, Non Executive Chairman ▸ Glenn Martin (Founder), Non Executive Director ▸ Peter Coker, CEO & Managing Director ▸ Jenny Morel, Non Executive Director ▸ John Diddams, Non Executive Director ▸ Steve Bayliss, Non Executive Director The Executive Management Team: ▸ Peter Coker, Chief Executive Officer ▸ James West , Chief Financial Officer ▸ Ulrich Bergler, Vice President Engineering ▸ Mike Tournier, Vice President Sales and Marketing	Section 8.1 in relation to Directors and 8.2 in relation to Executive Team
How are the Directors and senior executives remunerated?	Details on the Directors and senior executives remuneration can be found in Section 8.5.	Section 8.5
Will any related party have a significant interest in the Company following the Offer?	Glenn Martin, a director of the Company, will hold a significant interest in the Company following the Offer. No. 8 Ventures Nominees, a significant shareholder who has nominated Jenny Morel to the Board, will also retain a significant interest in the Company following the Offer. The majority of these holders' interests will be placed in escrow for periods between 12 and 24 months after admission to the Official List.	Section 11.8

4.4 SUMMARY OF KEY RISKS

QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Early Stage Development Risk	The Company is at a pre-revenue stage as it has not yet sold any Martin Jetpacks. The Offer is aimed at raising sufficient funds for the Company to finalise its development of the Martin Jetpack so that it may commercialise the product and start generating revenue through sales of the product. There can be no guarantee that the Company will be able to finalise the commercialisation of the Martin Jetpack within the currently proposed timelines, or within the proposed budget. While the Company believes that there has been sufficient global interest in the Martin Jetpack to date to provide its belief that sales of the Martin Jetpack will eventuate following its commercialisation, the Company does not yet have any formal signed orders or customers. The Company expects to start generating orders once the commercialisation phase has been further progressed.	Section 10.2 and 10.3

INVESTMENT OVERVIEW

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QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Competition	It is possible that other manufacturers around the world may be trying to replicate the Martin Jetpack technology to develop their own jetpack. The Company believes it has what will be a global market-leading product and, based on its patents, it should be the first to fully develop and commercialise a practical jetpack. However, the Company cannot guarantee that a competitor will not commercialise a jetpack type of product before the Martin Jetpack has been commercialised.	Section 10.1
Reliance on Board Members and Key Management	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its Board of Directors, executive management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these personnel cease their employment or engagement with the Company. In addition, the speed with which the Company is able to commercialise the Martin Jetpack will rely heavily on the ability of the Company to attract and retain personnel with the appropriate skills. The Company's location in Christchurch New Zealand and its phase of development, and the limited pool of appropriately qualified and experienced personnel globally, can act as a barrier to recruiting the required personnel. While every effort is made to retain key personnel, and to recruit new personnel as the need arises, the loss of one or more key personnel may adversely affect the Company's development plans, earnings or growth prospects.	Section 10.1
Supply of Components	The Company has significant reliance on the supply of technical components to manufacture the Martin Jetpack. While the Company's suppliers (and proposed suppliers) should be able to meet the Company's demand for components, if the Company was to scale up its operations to commence manufacturing a number of Martin Jetpacks it remains to be seen if such suppliers can keep up with the Company's demand. Any failure by suppliers to meet demand, or any requirements for the Company to source components from an alternative supplier, could hamper the Company's growth prospects.	Section 10.1
Aviation permits	While the Martin Jetpack has obtained a CAA permit to fly in New Zealand, it has not yet been provided with the appropriate flight approval in any other jurisdiction. The Company considers that there is a risk that the Martin Jetpack may not meet flying standards in certain countries which may require additional cost to resolve, or which may result in the Martin Jetpack not being able to be marketed initially in those countries. If this circumstance arises this could impact on the Company's proposed future sales of Martin Jetpacks and would negatively impact future revenue generation.	Section 10.1

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QUESTION	ANSWER	WHERE TO FIND MORE INFORMATION
Intellectual Property and Patents	There is a risk of a claim being brought against the Company by a third party alleging that all or part of the Martin Jetpack infringes its intellectual property rights (including patents). This risk is essentially present with all early stage technology companies, but the Company has sought to mitigate this with its own intellectual property strategy. The idea of the "jet pack" has been around for over 70 years, so it is not possible to patent the "jet pack" concept. However, it is possible to patent the specific technologies within the Martin Jetpack that make the jetpack concept workable for the first time. The Company's patent attorneys believe that the present patent policy being followed by the Company, if continued, will provide sound and comprehensive protection not only for the basic Martin Jetpack device but also for the various improvements to that device which are made as the design develops.	Section 10.1
Restriction Agreements	As a consequence of the Offer and the Company's proposal to list on the ASX, ASX requires that 69 existing shareholders in the Company execute Restriction Agreements regarding their shareholding in the Company. As at the date of this Prospectus the Company has obtained 61 of the Restriction Agreements from those shareholders. However, if the Company is unable to obtain all of the Restriction Agreements from the shareholders it may not be able to proceed with the listing on ASX, and the Offer will ultimately be withdrawn and proceeds returned.	Section 11.8.1
Other risks	A number of other risks are included in Section 10, and investors are recommended to review those risks carefully before making an investment decision.	Section 10

SECTION

5.0

THE MARTIN JETPACK

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Martin Jetpack model P12

THE MARTIN JETPACK

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5.1 THE MARTIN JETPACK TECHNOLOGY

The Martin Jetpack is a practical one man aircraft powered by a 2.0L, 200hp petrol engine driving two ducted fans which each produce a straight jetstream of air. The ducted fans provide vertical thrust and special control vanes below the ducts re-direct the jet-stream to control the aircraft's horizontal movement. The aircraft is controlled by a fly-by-wire computer system which makes the aircraft easy to control and fly.

The Jetpack can take off and land vertically (VTOL) and because of its small dimensions, it can operate in confined spaces such as close to or between buildings, near trees or in confined areas that other VTOL aircraft such as helicopters cannot access.

Features:

- It is a Vertical Take Off and Landing (VTOL) aircraft and due to its small dimensions, can take off and land in confined areas
- It has reached an altitude of around 1,500 metres, or approximately 5,000 feet, above mean sea level on a test flight
- Computerised testing has shown it should be capable of speeds up to 74 km/h
- It can carry a payload of 120Kgs
- With a standard fuel tank, the Jetpack can remain airborne for up to 30 minutes
- The aircraft is controlled by a computerised fly-by-wire flight control system meaning it is easy to operate
- This fly-by-wire system also allows the aircraft to hover automatically without any pilot input into the controls

Since 2010, Martin Jetpack prototypes have successfully conducted 228.05 hours of total flight testing (including starting the Jetpack for take-off checks) of which 91.95 hours were manned flight testing. The test flying has included both manoeuvring and hovering.

Benefits:

The Martin Jetpack has the following benefits which should make it a commercially useful aircraft.

- It is lightweight, easy to transport, store and display
- It has been designed with a focus on pilot safety
- It is easy to fly because it has an inbuilt computer flight control system (fly-by-wire)
- It can take off and land vertically (VTOL) and therefore it does not require an airfield to operate from
- Based on the company's estimated pricing for a Jetpack, it will be comparable to a low cost aircraft and less expensive to purchase and operate than a small helicopter
- The engine runs on regular petrol which is inexpensive and widely available throughout the world
- It has been designed to fit within existing New Zealand aviation regulations which are similar to the aviation regulations of many other countries
- It will be adapted to be compatible with the United States aviation regulations, opening up a large potential market for sales

Success in the development of a practical jetpack opens the opportunity for sales of the aircraft, and the potential development of a large and successful business.

The vertical thrust and other technologies within the Martin Jetpack can potentially be used for further applications in the future that may have additional commercial value including an Unmanned Air Vehicle. The company is capturing future potential customer requirements such as the need for increased range, increased flight time, increased payload and night operations. It is also recognised that the system architecture will need to support a number of different bolt on capabilities such as radio transmitters, cameras and other detecting devices.

The Company is starting to develop the Unmanned Air Vehicle (UAV) commercial version of the Martin Jetpack which can be flown remotely, or in the future via a pre-programmed flight path. This UAV, presently called the "Martin Skyhook", would have a lifting capacity of up to 105kgs making it potentially useful in a wide variety of commercial and military applications.

In addition, a "mule train" system is planned to be developed. This would allow for a number of UAVs to follow a manned version. The UAVs could then be manually flown to a specific point by the manned version to allow for either the dropping of supplies, the rescuing of an individual or an equivalent capability.

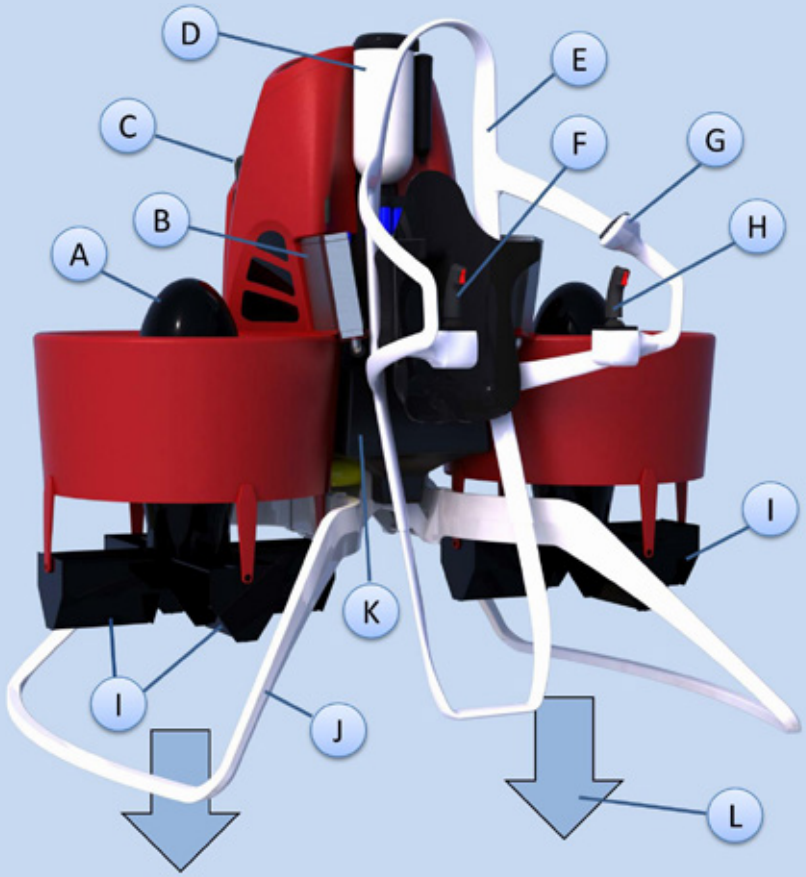


A Martin Jetpack ducted fan

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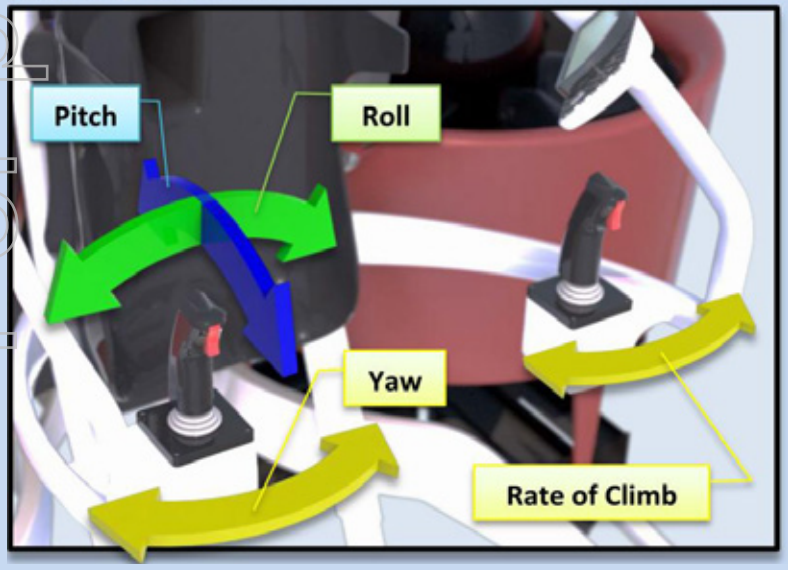
MECHANICS OF JETPACK PROTOTYPE 12

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MARTIN JETPACK – P12 (Manned Configuration)

Primary Controls

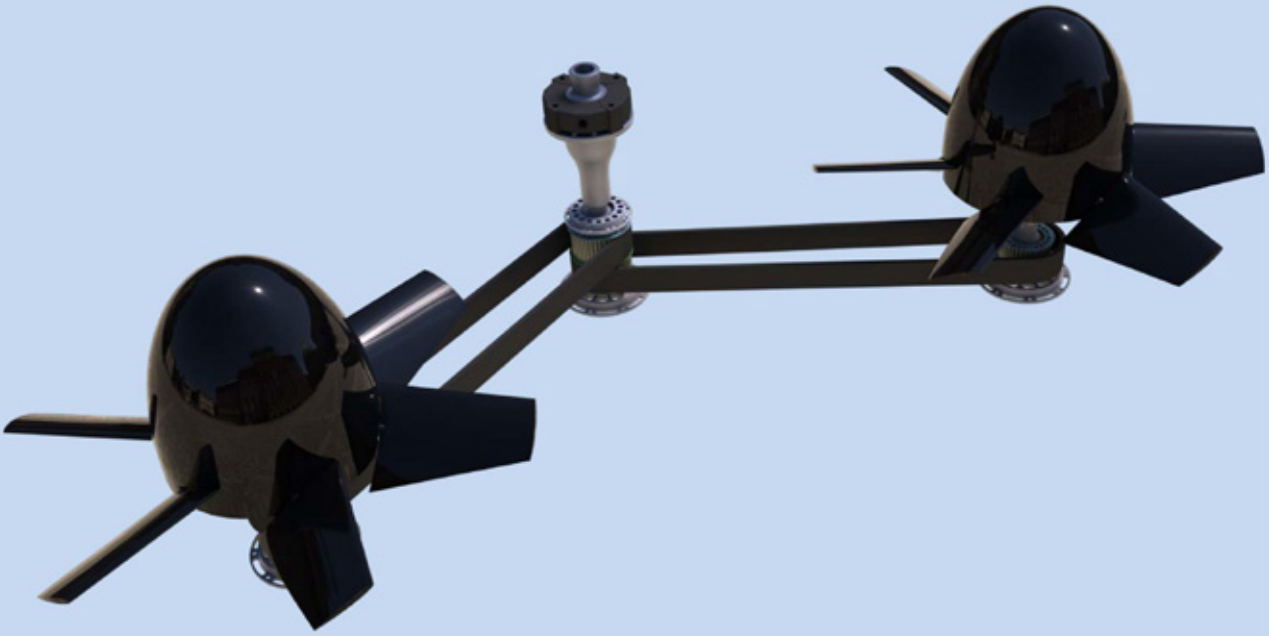


Features:

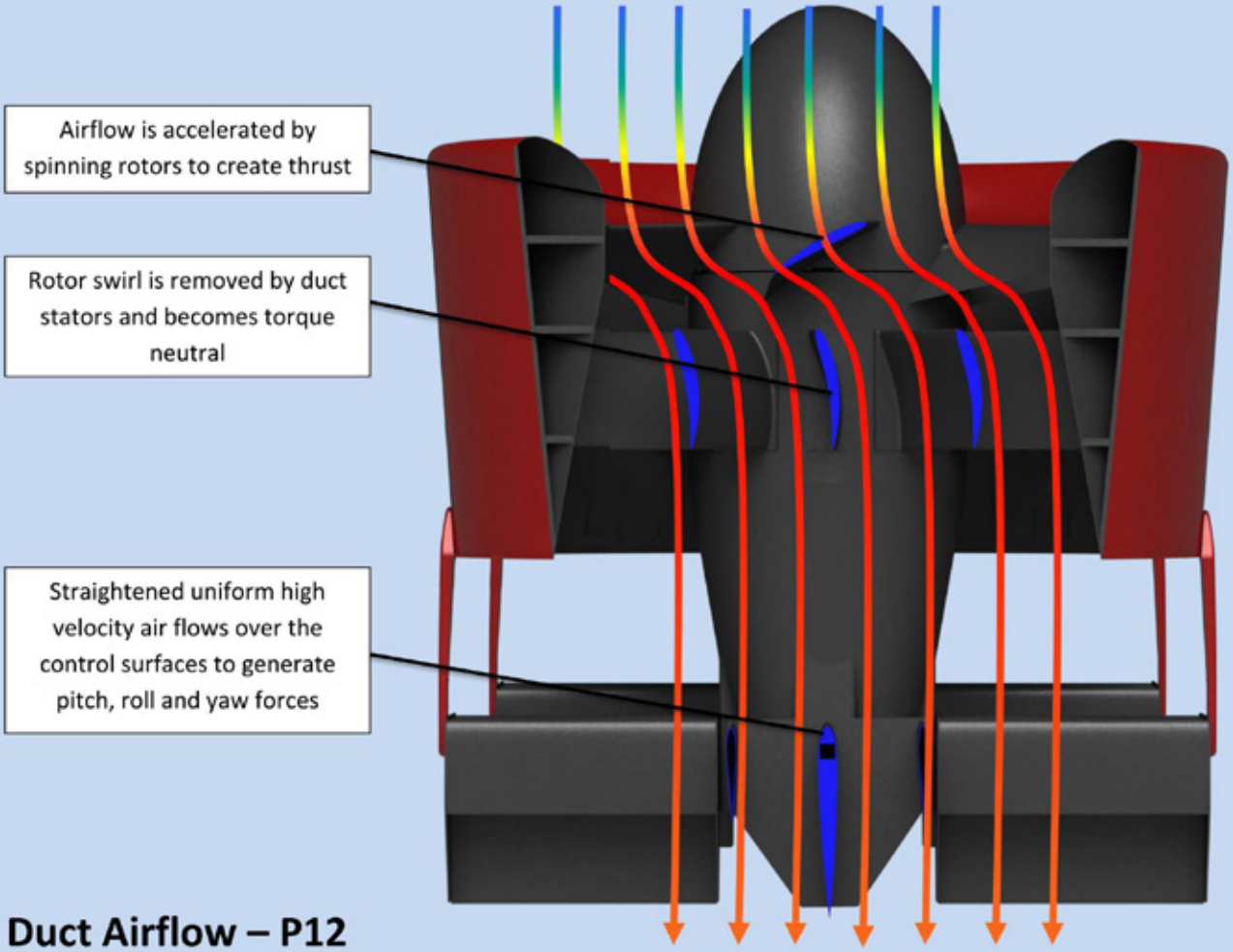
A. Duct Rotors: Spin up to 5106 rpm.
B. Radiator: To regulate engine temperature.
C. Engine(at rear): 2.0L V4 2-Stroke engine, 150kW (200HP) @ 6000rpm.
D. Ballistic Parachute: Emergency failsafe.
E. Pilot Module: For pilot rollover protection.
F. Right Stick-grip: Pitch, Roll and Yaw control (see insert).
G. Flight Display: For engine and flight data.
H. Left Stick-grip: Rate of climb control (see insert).
I. Control Surfaces: 8 independent control surfaces for pitch, roll and yaw control.
J. Landing skids: with integrated impact suspension system.
K. Fuel Tank: 20L Fuel capacity, (standard automotive fuel).
L. High Speed Airflow: 250+ km/hr and 370+kg of static thrust (2 ducts).

MECHANICS OF JETPACK PROTOTYPE 12

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Drivetrain – P12



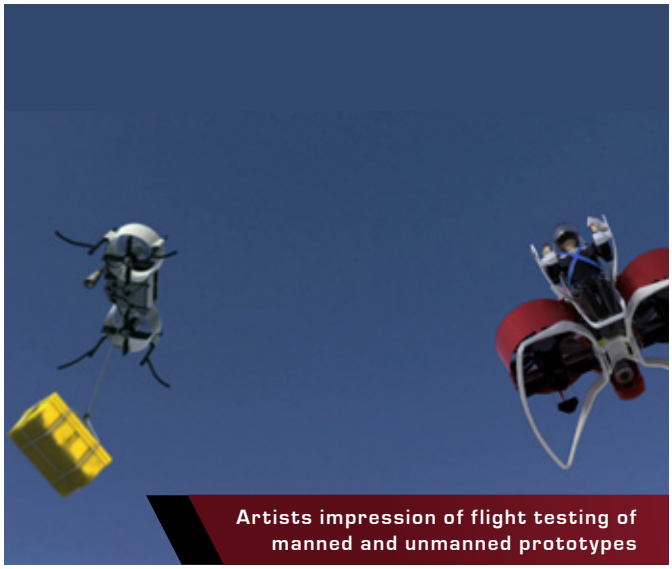
Duct Airflow – P12

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Photo taken during an unmanned flight (using a crash-test dummy) to test operation up to 5,000 ft and the ballistic parachute



Artists impression of flight testing of manned and unmanned prototypes

5.3 SAFETY FEATURES

The Martin Jetpack has been designed with a strong focus on pilot safety. The main safety features include:

- Carbon fibre Pilot protective crash structure
- Hard landing protection undercarriage
- Drive system designed for reliability
- Pilot alarms to warn against potential safety situations such as engine malfunction, low fuel, electrical faults, etc.
- Hands free auto-height hold
- Fast opening low level active ballistic parachute (currently under development)
- Immersive pilot training simulator
- Martin Jetpack Pilot training course addendum to the New Zealand Civil Aviation Authority Microlight course

5.4 FIRST TARGET MARKET

Taking into consideration the capabilities outlined above the Company will be seeking initial customers in the First Responder market under the context of "saving human lives". Many of the First Responder agencies are government sponsored (for example fire, police and border security). The advantages of seeking them as our first customer are:

- It should be easier to gain dispensation for operating outside normal commercial Microlight rules. For example, the Company understands that in some countries Microlight leisure aircraft are required to avoid flying over built up areas. However, those aircraft that have a first responder role are frequently allowed to operate in such domains. An example is the air ambulance helicopters often seen landing in parks as close as they can to the incident to which they are attending.
- The Company understands that any Crown or Federal entities self insure their assets thus potentially reducing cost of ownership.
- The Martin Jetpack is suitable for operating in confined spaces and urban environments. As an example an initial meeting was held with a specific Fire Department in the USA that operates in dense urban conditions. They indicated that they had recently been given permission to operate drones in their environment but this was technically challenging from both a line of sight and control perspective. A manned Jetpack could be very suitable for such a situation.
- The Company has received a number of enquiries from equivalent entities including Police, Homeland Security and Fire services.
- These agencies also have an ethos of looking after equipment well and working in partnership with the original equipment manufacturers both of which will allow the Company to build a solid knowledge base of aircraft operations data.

SECTION

6.0

AVIATION INDUSTRY **OVERVIEW**

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Martin Jetpack during manned test flight

AVIATION INDUSTRY OVERVIEW

(All amounts quoted in section 6 are in USD unless specified)

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The Martin Jetpack is a registered aircraft in New Zealand under Civil Aviation Authority.

It is classified as a Microlight, and has been approved to fly manned and unmanned in New Zealand. The Martin Jetpack represents a new aircraft capability in the global aviation industry, which encompasses civil, general aviation and military. Although the novelty of Martin Jetpack makes it difficult to delineate accurately the extent of global market potential, an overview of the industry as well as identified markets indicates possible sales areas.

6.1 GENERAL AVIATION MARKETS

General Aviation is defined as all aviation other than military and scheduled commercial airlines.

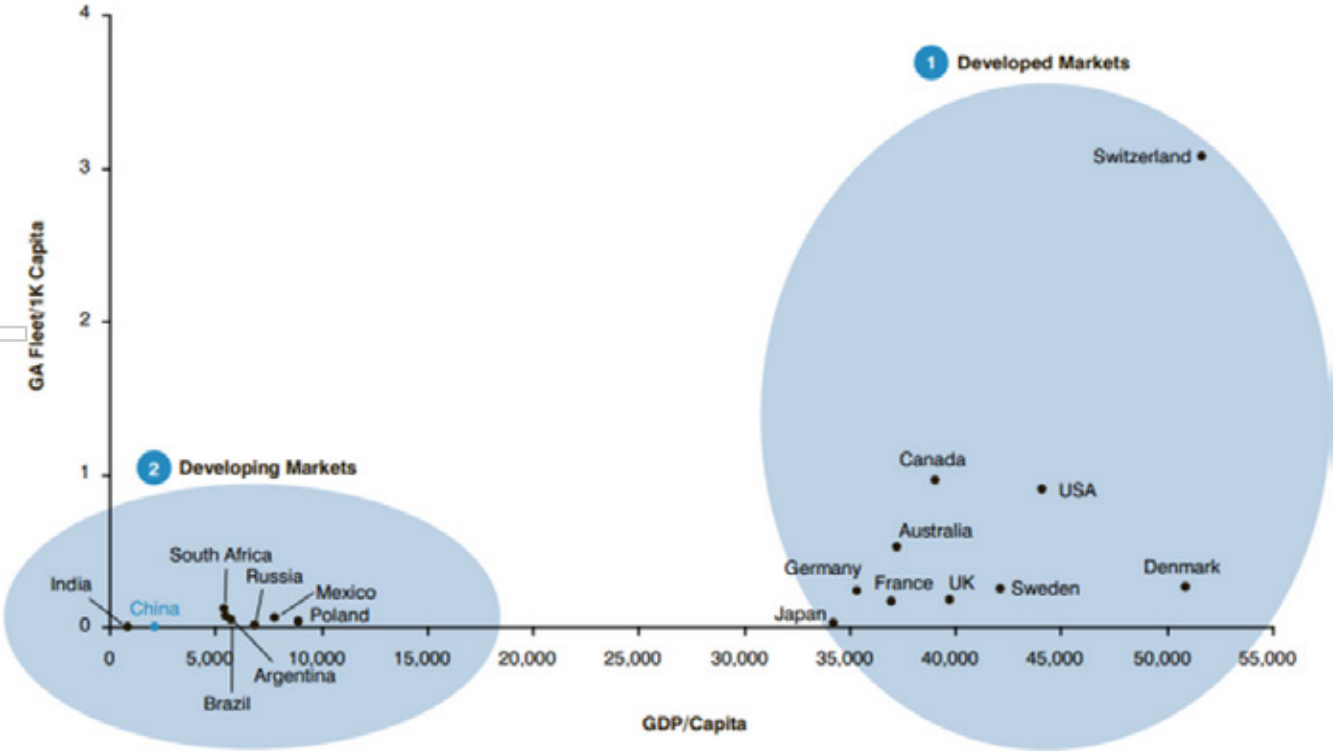
It is a diverse sector which covers flying for the purposes of recreation, sport, personal transport, and business. The types of operation range from commercial jets, rotorcraft, piston and jet engine fixed-wing aircraft, gliders of all descriptions, Microlight, "lighter than air" craft and unmanned vehicles.

Microlights and helicopters are two types of general aircraft which have been identified as comparable to the Martin Jetpack, for both its markets and applications.

USA and the World

According to public sources, in 2013 there were 360,000 General Aviation aircraft worldwide. These aircraft range from two-seat training aircraft to intercontinental business jets flying today. Of total General Aviation aircraft, 58 per cent, or 209,000 aircraft, are based in the United States. In the US, the General Aviation industry contributes more than $150 billion annually to the economy, employs more than 1.2 million people and logs 25 million flight hours each year. In 2013, 2,256 General Aviation aircraft, excluding helicopters, were sold worldwide, with over 70 per cent of these sold in the US.[1]

Figure 1: Global General Aviation Development



[1] 2014 Aerospace & Defense Intelligence Report

AVIATION INDUSTRY OVERVIEW

(All amounts quoted in section 6 are in USD unless specified)

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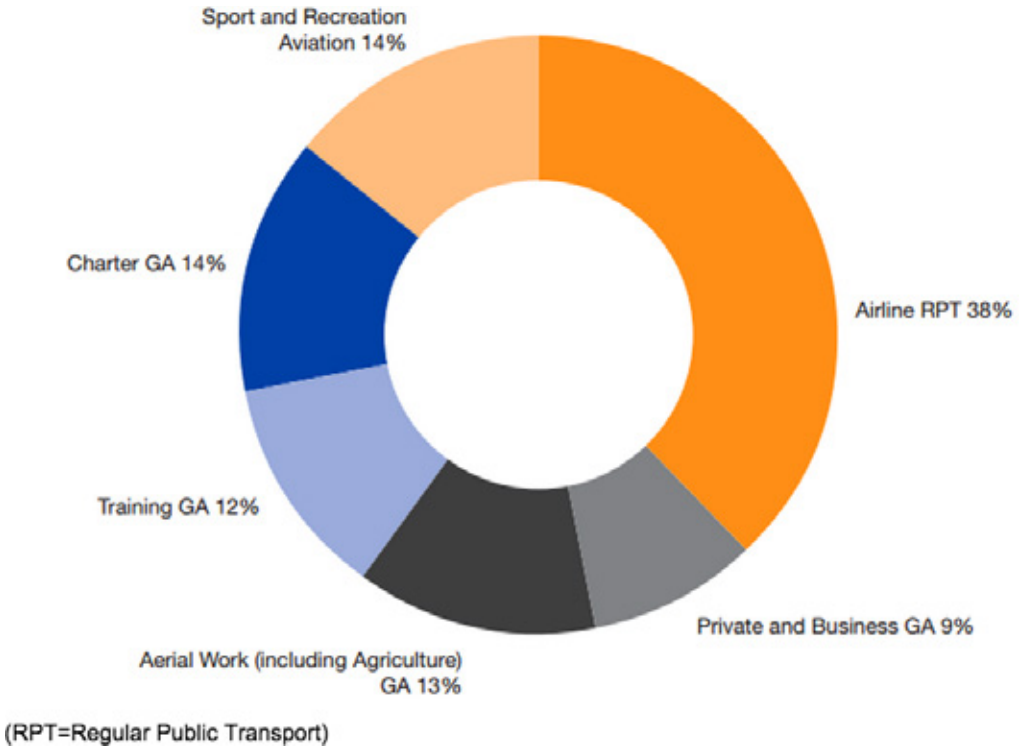
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In the US, the general aviation industry contributes more than $150 billion annually to the economy and employs more than 1.2 million people.

Australia

In Australia, General Aviation, including charter, training, aerial work and private and business flying, accounted for 48 per cent of total hours flown in 2012. The General Aviation sector provides vital services to many Australian industries, including agriculture, tourism and mining. The sector also provides key services to remote communities that rely, sometimes exclusively, on aviation for important supplies, such as mail, medical services, and business and community services.[2]

Figure 2: 2012 Aviation activity by sector in Australia [3]



In 2012, sport and recreational aviation accounted for 14 per cent of hours flown in Australia, including ultralight planes, gliders, balloons and gyrocopters. One source states that the sports and recreational sector in Australia has nearly 70,000 participants.[4]

China

One market where General Aviation is arguably not well developed is China, with only 3,857 General Aviation aircraft registered in 2013.[5] General aviation is not new to China, but it is one of the few sectors that has not experienced strong growth over the past three decades. This constraint on growth is due to several factors, including a restrictive regulatory environment, airspace access and an underdeveloped infrastructure and supply ecosystem. The General Administration of Civil Aviation of China has recognised the sector's growth potential, noting that the current development level of General Aviation was unable to keep pace with China's social and economic development needs. Chinese policymakers are now instituting reforms that will create a more favourable operating environment and potentially catalyse growth, which is forecast to reach an annual rate of 20 per cent by 2015.[6]

2, 3, 4 Aviation Safety Regulation Review May 2014

5 2013 General Aviation Statistical Databook & 2014 Industry Outlook

6 Booz & Company, General Aviation in China, Seizing the opportunity, 2009

AVIATION INDUSTRY OVERVIEW

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6.2 CERTIFIED LIGHT, MICROLIGHT AND ULTRALIGHT MARKETS

The Martin Jetpack is registered with the Civil Aviation Authority of New Zealand as a Microlight aircraft.

In Australia, the body responsible for administering Ultralight, recreational and LSA (Light Sport Aircraft) operations is Recreational Aviation Australia Incorporated (RA-Aus.).RA-Aus trains and certifies pilots, flying instructors and maintainers. It registers a fleet of almost 3,500 aircraft and oversees the operations of 174 flying training facilities throughout Australia.[7]

Figure 3: Examples of Ultralight Aircraft Pricing

TYPE	PRICE (USD/EURO)
Aerospool WT-9	$77,190
Pipistrel Virus SW	€81,700

Figure 4: Pricing of Popular Light Sport Aircraft Around the World in 2013 [8]

TYPE	PRICE (USD)
Cessna 162 – Skycatcher	$111,500
Cirrus SRS	$125,000
PiperSport	$108,000 - $158,700
Diamond Aircraft DA20	$187,830
Diamond Aircraft DA20	$187,830
Flight Design C4 model	$250,000

6.3 FIRST RESPONDER MARKETS

When an emergency situation such as a natural disaster or a terrorist attack occurs, among the first people on the scene are usually police officers, fire-fighters, paramedics, and emergency medical technicians. These are the "first responders" and they are trained to react quickly in emergencies. The first responders' primary task is to make sure people are safe, which includes evacuation, rescue, crowd control and medical attention as well as securing the area.[9]

According to one report, the emergency first response market globally earned revenues of $50.41 billion in 2012 and is expected to reach $131.62 billion by 2019, with North America accounting for the largest share of the market, followed by the Asia Pacific.

Weather monitoring sensors, emergency mass notification systems, unmanned aerial vehicles and intelligent transportation will emerge as next generation emergency response systems. The report also pointed out that manufacturers and vendors needed to educate the first responder community on the use of these emerging technologies, especially in developing regions like Asia Pacific, where market potential was "huge".[10]

The emergency first response market global revenue reached $50.41 billion in 2012 and is expected to reach $131 billion by 2019, with North America accounting for the largest share of the market, followed by the Asia Pacific region. The global First Responder market is the first market that Martin Aircraft intends to target for Jetpack sales.

Figure 5: UAVs for First Responders Market Forecast by Region [11]



7 Recreational Aviation Australia Inc

8 Major Aircraft Manufacturers and Best-Selling Aircraft Models 2011 and 2012 'Top-10 General Aviation Aircraft Manufacturers'

9 US Legal Inc 'First Responders'

10 Frost & Sullivan: Interoperability and Technology Needs Spur Advances in First Responder C3i and Emergency Response Systems

11 Market Info Group 'A New UAV Market is Born – Do You Want to Be There?'

AVIATION INDUSTRY OVERVIEW

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SOME FACTS AND FIGURES AROUND THE GLOBAL FIRST RESPONDER MARKET

FIRE

- In 2012, the National Fire Protection Association estimated that the US had more than **one million** fire fighters, serving in 30,000 fire departments. There were also an estimated 51,650 stations and at least 140,900 apparatus.[12]
- Total annual fire suppression expenditures in Canada is around **$500 million**.[13]

POLICE

- In 2011, there were approximately **18,760** police agencies in the US [14]
- The US spends more than **$100** billion on its police force every year [15]
- In the UK, total annual expenditure on police in 2013 was **£14.5 billion** [16]
- The Australian Federal Police budget was **AUD$1.3 billion** in 2012-13 [17]

COASTGUARD

There are 9 Coast Guard districts in the USA with numerous stations. The US Coast Guard "FY 2015 President's Budget" requested **$9.8billion**, of which **$68m** would be dedicated to aircraft. [18]

AMBULANCE

- In the US, one source shows that there are **48,384** ambulance vehicles, **15,276** ambulance services and **840,669** emergency medical services personnel [19]
- As an indication of annual ambulance funding in the US, Medicare paid $5 billion to ambulance companies in 2012.[20]

6.4 GLOBAL HELICOPTER MARKETS

Separately from the defence sector, helicopter industry applications include corporate and VIP usage, emergency medical services, law enforcement support, news gathering and industrial applications such as for offshore oil and gas activity.[21]

Globally combined civil, para-public and defence helicopter sales can be compared to annual business jet sales of around $18 billion in 2013. Over the next 10 years, one aviation analyst is forecasting around 24,000 new helicopter deliveries worldwide (valued around $250 billion), with all but 6,000 of these to be for non-military use.[22]

Helicopter prices across all uses vary, with evidence showing that the price of light helicopters can range between $270,000 and $2 million.[23]

In the Company's opinion, Australia's geography contributes to wider use of helicopters, across general transport, agriculture, fire fighting and flood relief, medical transport as well as mineral resource development including off-shore petro-chemical operations.

In 2013, helicopters made up 15.7 per cent of the 14,977 aircraft on the Australian CASA Aircraft Register. A decade ago it was less than 9 per cent.[24]

Over the next 10 years, it is estimated that around 24,000 new helicopters will be purchased worldwide, valued around USD$250 billion

The estimated combined price and operating costs of a Martin Jetpack are expected to amount to only 30-40 per cent of that of the world's most widely sold small helicopter, the R22, which costs $270,000 and an estimate of $145 operating costs per hour flown

12 US Fire Department Profile 2012

13 Fire Management Adaptation to Future Climate Change in Canada

14 The Likely Impact of the Public Employer-Employee Cooperation Act of 2007: A Secondary Data Analysis

15, 16 Preparing police services for the future

17 Australian Federal Police Annual Report 2012–13

18 US Coast Guard factsheet

19 American Ambulance Association

20 Bloomberg 'Medicare's $5 Billion Ambulance Tab Signals Area of Abuse'

21 Forbes 'Helicopter Industry's Success Secret: Market Diversity'

22 AINonline 'Foley: 24,000 Helicopter Deliveries over Next Decade'

23 Aircraft Compare: Light-Helicopters

24 Australian Helicopter Industry Association Statistics

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6.5 UNMANNED AERIAL VEHICLE (UAV) MARKETS

The adoption of unmanned aerial vehicles (UAVs), or drones, has increased significantly over the past 10 years, principally from American military use, where numbers of military drones deployed have grown from less than 200 in 2002 to over 11,000 a decade later.[25]

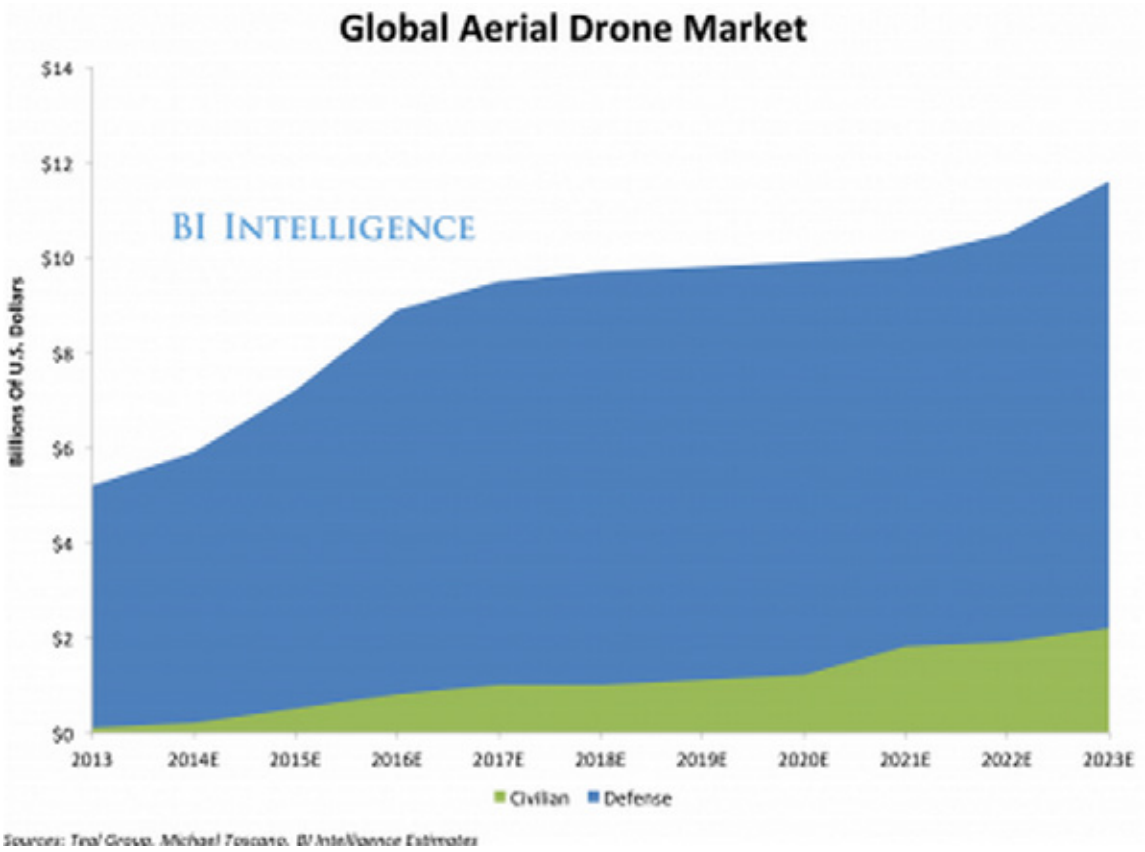
Global defence spending on robotics is expected to exceed $13.4 billion by end 2013, with some 90 per cent of total defence spending on unmanned systems being on aircraft and the United States Defence Department accounting for nearly half of total expenditure.[26]

An August 2014 report predicts that cumulative global spending on aerial drones over the next decade will amount to $98 billion, with an estimated 12 per cent of this being for commercial purposes.[27] Among potential commercial applications, in the Company's view, are private security, farm crop and cattle management, weather forecasting, traffic control, journalism for scoping out events and aerial advertising. Law enforcement agencies in the US are also among potential users.

Cumulative global spending on aerial drones & UAV's over the next decade is estimated to reach USD $98 billion.

The Martin Skyhook UAV made its first flight in May 2010. Its development will follow the Martin Jetpack, with the USA intended as a primary market, across potential military and commercial uses.

Figure 6: Global Aerial Drone Market [28]



Sources: Teal Group, Michael Toscano, BI Intelligence Estimates

[25] National Geographic 'Unmanned Flight'

[26] National Defese Industrial Association 'Worldwide, Drones Are in High Demand'

[27, 28] Business Insider 'THE DRONES REPORT: Market Forecast For The Growing Business Opportunity In Commercial Aerial Drones'

AVIATION INDUSTRY OVERVIEW

(All amounts quoted in section 6 are in USD unless specified)

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6.6 GLOBAL MILITARY MARKETS

In a recent independent public report [29], it was predicted that the commercial aerospace sector was expected to sustain significant revenue and earnings growth in 2014, underlined by record production levels, while there would be declines in revenue and earnings for the defence sector.

Revenue growth for the combined global aerospace and defence industry was expected to be in the 5 per cent range for 2014, similar to growth achieved in 2012 and 2013.

When the Pentagon issued its spending forecast in March 2014, it indicated a 0.6 per cent decline across the Future Years Defense Program in 2014, but an increase of 2.5 per cent in 2015 on spending across its 63 weapons programs.[30] These estimates will be affected by more recent increases in military activity in Iraq, Syria and Gaza in the second half of 2014.

The amount of global spending on defence was $1,723 billion in 2011, with 41 per cent of this attributable to the United States.[31]

It is predicted that as defence companies cope with a lower spending environment, there will be more investment in developing new products and technologies, with unmanned combat vehicles part of this trend.[32] It is also predicted that global defence spending will increase over the next two to three years, based on the fact that armed conflicts have occurred on average every two and a half years over the past 50 years.

Governments, military, other uniformed services, and commercial organisations are potential customers for the Martin Jetpack and Martin Sykhook UAV. They may use the Jetpacks for emergency response, anti- terrorism, border patrol, policing, search and rescue, remote site access, natural disaster recovery and other similar applications. Military applications of the Martin Jetpack include being able to access, re-supply and deliver troops in difficult terrain, moving to higher terrain and soldier flight above mine fields.

6.7 GLOBAL RECREATIONAL PILOT MARKETS

Because of the unique features of the Martin Jetpack, general pilots represent a large potential market.

Pilots generally have a passion for flying and are already licensed to operate an aircraft. Therefore they may require minimal training in order to be qualified to operate a Martin Jetpack.

Global Registered Pilots

The diversity of pilot licences and certificates around the world makes it difficult to establish the number of registered pilots globally.

In the US, 599,086 individuals were holding an active US pilot certificate in 2013, of which 180,214 had private airplane pilot certificates.[33]

In 2013, 33,362 people in the US were holding an active rotorcraft (helicopter) pilot certificate, which covers private, commercial and recreational certificates.[34]

In Australia, there were 33,626 holders of a current pilot's licence, including student pilots, in 2007. The most common licence type was the Private Pilot Licence, accounting for almost half of all licences. Airline transport and commercial licences was the next most common, accounting for around 8,000 licences each.[35]

The small size and VTOL capabilities of the Martin Jetpack means it does not require an airfield to take off and land. It uses petrol as fuel and is comparatively easy to learn to fly. Martin Aircraft believes that qualified pilots, who would require minimal training to operate a Jetpack, could represent a significant market for the aircraft.

29 2014 Global Aerospace and Defense Industry Outlook

30 Defense News 'Weapons Spending Inches Upward'

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33 Federal Aviation Administration 'US Civil Airmen Statistics' Table 3

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35 Australian Aviation Safety in Review: 1998 to 2007

SECTION

7.0

BUSINESS OVERVIEW

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Martin Jetpack assembly

BUSINESS OVERVIEW

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7.1 BACKGROUND

The Company was founded in 1998 by Glenn Martin following extensive research and development of the Martin Jetpack starting in 1984. The Company is based in Christchurch, New Zealand.

The Company secured investment funding from New Zealand based venture capital fund No 8 Ventures in 2004, and since then has made significant advancements in the development of the Jetpack.

Through various capital raising rounds and government grant funding, the Company has raised around NZD $19m for the development of the Martin Jetpack.

7.2 KEY MILESTONES TO DATE

Figure 7: Key Milestones in the History of the Company Include:

JUNE 2007	First manned, unassisted flight of a prototype Jetpack
JUNE 2008	Martin Jetpack introduced at Oshkosh Airventures Air Show, Wisconsin, USA
APRIL 2009	Martin Jetpack is computer-stabilised
MAY 2010	First flight of remote controlled unmanned Martin Jetpack (" Martin Skyhook" or "Unmanned Aerial Vehicle" or "UAV")
APRIL 2011	Prototype 11 flown unmanned to 1,500m and successful deployment of ballistic parachute demonstrated from this height
OCTOBER 2012	Completion of Prototype 12, which is more stable than previous prototypes
APRIL 2013	Appointment of Peter Coker as CEO (ex Air Commodore, RAF and Lockheed Martin executive)
APRIL 2014	Appointment of Jon Mayson as Independent Chairman
JUNE 2014	Commencement of build of MkII engine
JULY 2014	Prototype 12.2 completed
AUGUST 2014	NZ CAA Pilotless Aircraft Authorisation for P12.2 and P12.3
AUGUST 2014	Prototype 12.2 awarded Sports Aircraft Corporation certification
SEPTEMBER 2014	The Company successfully completes pre-IPO capital raising

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7.3 PRODUCTS AND POTENTIAL APPLICATIONS

Potential Uses for the Martin Jetpack

The Company believes that the Martin Jetpack could be suitable for use by military, government agency, commercial and recreational aviation markets. Key points to note in relation to potential market applications for the technology include:

- From a commercial perspective, the price of a Martin Jetpack is expected to amount to be less than that of the world's most widely sold small helicopter - the Robinson R22. Operating costs are also anticipated to be less than the R22 due to ease of maintenance. The Martin Jetpack is easier to fly and can operate in more confined locations
- The size of the commercial aviation market is substantial. According to aerospace consultants, Barr Group Aerospace, there were 360,000 General Aviation aircraft worldwide in 2013. In the US alone, the General Aviation industry contributes more than $150 billion USD annually to the economy and employs more than 1.2 million people.
- The Martin Jetpack is also intended to be sold as a high-end recreational vehicle. It could be appealing to those who already hold a pilot's license. As an example of the size of this market, in the USA alone, there are almost 600,000 individuals who held a pilot's certificate in 2013.

Potential customer markets for the Martin Jetpack, and the unmanned version of the aircraft (the Martin Skyhook), can be broadly categorized as:

- First Responder / Government Agencies
- Military
- Commercial
- Recreation

Examples of the potential applications for the Martin Jetpack technology within each of these categories are set out in Figure 8.

Figure 8: Potential Applications for the Martin Jetpack, Martin Skyhook UAV and Related Products

	FIRST RESPONDER/ GOVT AGENCY	MILITARY	COMMERCIAL	RECREATION
APPLICATIONS	▸ Natural Disaster recovery and ▸ Emergency response ▸ Search and rescue ▸ Police ▸ Fire Services ▸ Ambulance ▸ Border patrol ▸ Surf patrol	▸ Surveillance ▸ Rapid insertion ▸ Forward supply ▸ Heavy lift ▸ Counter terrorism ▸ Remote operations ▸ Ship to ship transfer ▸ IED detection	▸ Promotional Display Team ▸ Mining industry ▸ Farming ▸ Bridge, building & tower inspections ▸ Oil & gas industry	▸ Flight schools – training and hire of Jetpacks ▸ Personal Aircraft ▸ Tourist ride: the Martin Jetpack Experience ▸ The Martin Jetpack Simulator

In addition to the sale of aircraft, the Company has the opportunity to generate extra revenue from the ongoing maintenance of the Jetpacks and the sale of replacement parts.

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7.4 COMMERCIAL OPPORTUNITIES

The Company has been fortunate to receive positive media publicity since 2008. During that time, the Company has been approached by a number of individuals and organisations in respect to many of the potential applications listed in table 4 above. Unfortunately the Company has been unable to capitalise on these enquiries because the Martin Jetpack has not yet reached commercial production.

Indicative Opportunities

Below are opportunities which provide strong indicators of market demand for the Martin Jetpack along with the Company strategy around channels to market:

- The Company has had a number of enquiries from various first responder and associated authorities and agencies. Some of these agencies have expressed a desire to obtain a Martin Jetpack to trial. The Company plans to seek initial customers for the First Responder Martin Jetpack in order to increase the flying hours with a trusted partner. If necessary, the Company will work with these entities to develop an application or customer specific versions of the jetpack.

- An Alliancing Agreement template has been created to engage international people or companies who have both expressed an interest and qualify as potential channels to market in the international environment. The Alliancing Agreement sets out the parameters within which the relationship will operate. Within each Alliancing Agreement there are a number of schedules that cover market development, business development, sales, import, after sales service and support. The model looks to engage qualified people or companies to offer their services in one or multiple areas depending upon their core capability. This approach will build a network of trusted and incentivised individuals or companies across the global environment in support of the Company's growth.

- An Alliancing agreement is being negotiated with an Indian corporate which has evaluated interest in the Martin Jetpack for the Indian sub-continent. The first deliverable will be the India marketing plan and potential sales forecast. Their initial marketing analysis indicates very high interest from emergency and rescue bodies, police forces, security forces, coast guard, border security and the military.

- An Alliancing agreement for business and market development is being negotiated with a company in the Czech Republic

However, no Alliancing agreement has been signed yet and there can be no guarantee that one will be signed.

In the absence of a marketing team to close potential sales at this stage the Company has recently introduced "Letters of Intent" (LOI) that seek to capture the intent of a potential customer to place an order. The potential purchaser and the Company have 12 months to agree a purchase order from the time of signing of the LOI.

- A LOI has been signed with a company that provides support to the US Department of Homeland Security. This letter seeks the provision of Jetpacks, a Jetpack Simulator and support. The business model is likely to require the Company to work together with the other company to create capabilities that the Department of Homeland Security requires. The other company specialises in improving airborne technology capabilities for Homeland Security.

- A LOI is being negotiated with a company that is in the business of renewable crude oil production. The business model seeks to reduce the time that oil vessels are unable to unload the cargo due to awaiting test results.

As the Jetpack nears readiness for the market, the sales and marketing team will be built up to turn interest into orders as rapidly as possible.

7.5 PLANNED FUTURE BUSINESS LINES

The Company has several future business lines planned which are summarised below. None of these business lines are operational yet.

The First Responder Martin Jetpack

The Company plans to market the initial First Responder Martin Jetpack for circa US$200,000 plus customisation. This price may vary greatly depending on the specification that each customer requires, and therefore it is very difficult to estimate the revenue at this early stage.

The Martin Jetpack Display Team

The Company plans to build a display team to make paid promotional flights at sports events, boat or car shows and similar events. The company is currently planning that this business will be run at breakeven – because of its promotional benefit for the Martin Jetpack, but it is possible that it will also generate a contribution to profits at some point in the future.

The Martin Skyhook

The Company also plans to release the UAV version of the Jetpack, the Martin Skyhook, for commercial sale by 2016. The price of the Martin Skyhook has not yet been finalised but it is likely to be comparable to the First Responder.

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Martin Jetpack Simulator

The Company intends to market the Jetpack Simulator for US$125,000 plus customisation. The Simulator can be used for training purposes and for recreational purposes.

Martin Jetpack Experience

The Company has begun discussions with one party interested in partnering in establishing the Martin Jetpack Experience in Australia. The company is also in early discussions with another company that has indicated Jetpack experience opportunities in Dubai, Brazil and potentially Eastern USA. In general, the Company is seeking to partner with organisations with tourism industry experience – where the Company provides the necessary technology for the operation and the partner provides the experience in managing the customers and the funding for the initial establishment. The Company has not yet ruled out any organisational form for the Martin Jetpack Experience: it may be directly owned by the Company, operated in a joint venture, franchised, or some other arrangement.

Martin Jetpack Training

The Company has developed the Martin Jetpack Training course in New Zealand, which is a Sports Aircraft Corporation approved course for the conversion of Microlight pilots to the Jetpack. All Jetpack pilots must successfully complete this course prior to being able to fly the Jetpack. The price of this training course is still being determined. Initially it will be a requirement that all pilots hold a current Microlight aircraft licence prior to commencing the Jetpack Training course unless specific dispensations have been granted by the potential customer's country.

The Personal Martin Jetpack

Before releasing the Martin Jetpack for personal recreational use, the Company wants to have significant flying hours built up with trusted partners in the First Responder market. A program of work will also be undertaken to make the Jetpack suitable for personal recreational flight.

Jetpack Ongoing Maintenance and Support

The maintenance and support program for the Martin Jetpack is still in development and therefore it is too early to give an estimate of what these costs might be. The Company plans to set up its own service centres in several strategic locations close to customers around the world. As the market develops, accredited third parties will be trained on the Jetpack maintenance program and thus regular servicing will become more accessible as the market grows.

7.6 SALES & MARKETING

7.6.1 Sales Enquiries

The Company has up until now undertaken very little marketing and yet it has received, and still does receive, a great number of inbound enquiries. Up to October 2014, the CEO has been in close communications with a number of serious enquiries from various companies and government agencies around the world. The Company believes that one of these enquiries could become the first customer for the Martin Jetpack. The Company recognises that the budget of many of these government agencies is cyclical in nature and the focus has been on ensuring that the latest information on the Jetpack program is available at the time of budget setting. In time this will become part of the normal business development cycle.

All enquiries that the Company receives are inbound. The Company is yet to begin actively marketing the product to potential customers. This is planned to commence in early 2015 with the recent appointment of a Vice President of Sales and Marketing who will commence the role in late November 2014.

7.6.2 Sales Strategy

The focus of the Company until now has been the development of functional prototypes of the Martin Jetpack. Now that an operational Jetpack has been developed and is closer to market, the Company is seeking initial customers for the First Responder Jetpack for confirmed orders in 2015 and delivery in 2016. The Company will initially target supply of multiple Jetpacks to government organisations. The CEO has been spear-heading the development of these sales and will be the primary responsibility of the newly appointed Vice President Sales and Marketing. Building sales and marketing team and identifying in country customer relationship support is one of the key priorities with the funds from the IPO.

The development of sales channels for a recreational version of the jetpack will focus on using the Jetpack Experience business and establishing relationships with flight schools and aero clubs, who may provide initial training and maintenance services for Jetpacks and Jetpack pilots.

The following areas will be a source of potential sales enquiries for the Company in the coming years:

- **Media & Publicity** – The Company's website provides a portal for some initial enquiries and will also host the merchandise arm of the Company. Publicity itself has, in the past, generated interest including enquires around potential sales.
- **Airshows** – The Company believes that Airshows at which the Jetpack is featured will attract considerable general interest. A static Jetpack (non flyable Jetpack including on occasions the Skyhook UAV) along with a simulator will be the normal degree of participation but a flying Jetpack is expected to generate specific interest.

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- **Trade Shows** – A variable size trade show stand theme is being designed for use at Trade Shows. This will ensure common theme and branding for all trade show participation.

- **Demonstrations Team** – Many potential customers are seeking a demonstration of the Jetpack prior to placing a firm order. The Company is seeking to build 5 pre-production aircraft that will be used for this purpose. It is expected that the Jetpack will also be a focus for a number of public events which will provide a ready form of non direct marketing.

7.6.3 Promotion and Publicity

In 2008, Martin Aircraft presented an early prototype version at EAA Air Venture Oshkosh, Wisconsin USA which was well received. Although the flight demonstration was brief, the interest and global media coverage was significant. The media coverage included stories across the US by CNN, NBC News and the New York Times.

With minimal marketing or outbound sales activities, the Martin Jetpack has received a considerable amount of media coverage and publicity since 2008. These include:

- Articles in The Australian, The National Business Review and the New Zealand Herald (2014)
- Over 3 million views to the Company's YouTube channel
- Inclusion in Time magazine 50 Best Inventions of 2010
- Article in Popular Science "Best of What's New" (2013)
- Article and video in Wall St Journal (2013)
- Article in Forbes Magazine (2013)
- Feature article in Wired magazine (2012)
- Feature story on Sunday TV program NZ (2011)
- Invitations for the CEO to be interviewed on TV and radio (2013/14)

7.6.4 Public Flight Demonstrations

Martin Aircraft is planning a series fully manned flight demonstration of the Jetpack and its array of flight capabilities to the public, media and industry in 2015 at several key locations in Australia and New Zealand. Like the 2008 demonstration, the Company anticipates that this will lead to more media coverage which may result in further sales enquiries.

The Company is also negotiating a media opportunity with a globally recognised brand that could provide a substantial media exposure for the Martin Jetpack in 2015.

7.6.5 After Sales Support and Supply Chain

Although an after sales support and supply chain policy is not yet fully developed the Company intends to ensure that it is able to capture the potentially lucrative after market. The Company will have a global presence and therefore any strategy needs to consider the ability to support the afters sales market in a timely manner.

7.6.6 Marketing Roadmap

Figure 9: Marketing Roadmap

Q1 2015	Establish First Responder initial Customer Identify first countries channels to market Attend first Airshow/Trade Show Appointment of Head of Flight Operations
Q2 2015	Identify after sales and service strategy First Responder product release Product simulator available Manufacture 5 Jetpacks for display team Display team formed
Q3 2015	Skyhook product release Jetpack experience product release
Q4 2015	First orders confirmed for First Responder Jetpacks
Q2 2016	Deliver First Responder Jetpack's to first customers First site of Jetpack Experience Product release of Personal Jetpack
Q3 2016	Deliver first Skyhook UAV

7.7 JETPACK DEVELOPMENT PROGRAM ROADMAP

The Jetpack has been undertaking manned and unmanned flights for a number of years which has proven the Jetpack concept and technology. It already has CAA approval to fly manned and unmanned in test conditions. The program roadmap seeks to take this concept to a commercial standard.

There are a number of key systems that the Company is focused on developing to a production quality prior to the delivery of a commercial Jetpack. These key systems form the basis for each of the various product lines. The program related to the upgrade of the key systems is indicated in Figure 10 below along with the plan and risks associated with each specific program.

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Figure 10: Jetpack Development Program Roadmap

PROGRAM	PLAN AND RISKS
MkII plus Engine delivery	The engine has been specifically designed for the Jetpack and the MkII + engine takes the best of the MkI and MkII engines and combines them. It is being undertaken by an engine developer and therefore the success of this program is dependent upon the Company's continuing relationship and the ability of sub contractors to supply the specifically designed parts in a timely manner. Contracts are being put in place with the engine developer to ensure continuity during the continued development of the engine.
Flight Systems	The Company is in the process of engaging a European company that specialises in the provision of flight software for specific air vehicles. Their hardware is proven and the software will be created from the existing Jetpack modelling software. The project is integrating a range of third party commercial off-the-shelf products with the main flight controller supplied by this EU based company to form a system that is meeting the requirements of the Jetpack going forward. The system will be an open architecture so that future expansions or software upgrades can be implemented with relative ease. The main risk in this project is in the number of devices and functions to be integrated. While technically this is feasible it presents primarily a schedule risk due to the number of parties involved and the complexity of this integration.
Drivetrain Upgrade	There are a number of technical improvements required to prepare the drivetrain for routine manufacturing and assembly, as well as ongoing maintenance of the aircraft. There are several components to be addressed and production ready designs to be created. The drivetrain design will link between the engine and the ducted fans and thus affect the airframe. The risk is that other design initiatives depend on the drivetrain project and can only be started once the drivetrain conceptual design has been completed.
Ballistic Parachute Integration	The Company is in the final stages of negotiating a development contract with an international company that provides parachute systems for unmanned air vehicles. The Company's first requirement is for a parachute that can provide a safe landing for the Jetpack from a height where a failure might occur at 15 metres (excluding any delay caused by pilot decision as initially this will be a manual system). Initial indications are the first development program with this company may offer a capability down to 8 metres. After the first development program is completed and integrated into the Jetpack, a second program will look to reduce the height even further with an aspiration of achieving safe landing from a failure at 5 metres. The risk in this project is in finding automated deployment solutions to eliminate the pilot's reaction time to an aircraft failure. However, there are a number of automation systems already developed that may be suitable and could therefore be integrated into the Jetpack. This development is also linked to the Flight System project.
Airframe Changes	A number of airframe changes will be incorporated into a design that will make the product more easily supportable in the field. The airframe changes are linked to some of the other programs in particular the drivetrain program and the parachute program. Risk on the airframe program is in the capability of the composite supplier who is more focused on providing prototyping designs for the Company rather than substantial manufacture. The Company along with our present composite supplier is actively looking for additional long term partners in the manufacturing of composites. There are a number of companies with this capability across the world.
Duct Changes	Minor changes will be made to the Ducts to accommodate both noted potential efficiencies and the possible adjustments to the airframe which would require different mounting requirements

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PROGRAM	PLAN AND RISKS
Landing Gear	The University of Canterbury are undertaking a study on the present undercarriage and potential future undercarriage design to be part of an integrated safety system. The results of this study will be part of the normal development process for an improved product.
Flight Crew Protection	The pilot module is planned to be upgraded to provide greater protection for the pilot in case of an emergency landing. This is being done in consultation with the supplier of the composite material and a design company specialising in advanced structures. The risk is that the required system level solutions necessitate redesign of the airframe, pilot module and landing gear.
Production	The Company has hired a production manager to introduce production processes which will be tested through the production of a number of units required for testing and demonstration purposes.
Infrastructure	The Company moved to new premises in September 2014. These premises will be able to support the continuing development of the Jetpack and the assembly of up to 10 Jetpacks at any one time. The design and document control has been implemented. The work towards ISO9001 certification has commenced. The implementation and adjustment to this process may initially slow down progress before benefits can be realised.

7.8 GENERAL CAPABILITY ROADMAP

The capabilities of the Jetpack will be introduced incrementally. Each capability (First Responder, Martin Skyhook UAV, Martin Jetpack Simulator, Personal Martin Jetpack, Jetpack Experience) will be introduced through a program gate system which includes the following target roadmap.

The target roadmap is based on the Company's current expected timelines but as with all operating companies there can be a number of factors that may impact on the timelines and there can be no guarantee that the timelines will be met.

Figure 11: Jetpack Capabilities Roadmap

	FIRST RESPONDER JETPACK	MARTIN SKYHOOK UAV	SIMULATOR	JETPACK EXPERIENCE	PERSONAL MARTIN JETPACK
MARKET RESEARCH	✓	✓	✓		
DEFINITION PHASE	✓	Commenced	✓		Q3 2015
PLANNING PHASE	Commenced	Q1 2015	✓	Q1 2015	Q4 2015
DESIGN	Q1/2 2015	Q2/3 2015	✓	Q2/2015	Q1 2016
PRODUCT RELEASE	Q2 2015	Q3 2015	Q4 2015	Q3 2015	Q2 2016
FINAL DESIGN	Q3 2015	Q4 2015	Q1 2015	Q4 2015	Q3 2016
TRANSFER TO PRODUCTION	Q4 2015	Q1 2016	Q1/2 2015	Q2 2016	Q4 2016
FIRST DELIVERIES	Q2 2016	Q2 2016	Q2 2015	Q3 2016	Q1 2017

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The A$25M that the Company is seeking to raise will allow the outputs indicated in the above capabilities roadmap to be met. Should the Company only raise A$10m then expenditure would be managed to ensure that the Company has sufficient working capital and would only be able to deliver those outputs up to Q3 2015 set out above. The minimum subscription raise of A$10m would have the following impacts:

- No delivery of initial production Jetpacks, UAV, personal Jetpacks or Jetpack experience without further capital injection
- Marketing aspects would be limited
- The automated parachute deployment and the introduction of a new Enterprise IT system would be delayed
- Prioritisation of the MkII engine and the Version 2 of the flight system software would take place

7.9 MARTIN AIRCRAFT NEW PREMISES

In September 2014, the Company moved into a new premises with production facilities, which will allow the scale up of Jetpack production to meet anticipated future demand.

This new premises has the following features:

- Approx 380 sqm of office space which can house up to 30 staff
- 1364 sqm open plan Jetpack production area that could potentially accommodate 10 assembly bays along with the necessary assembly personnel
- Boardroom and conference facilities
- Overhead crane for moving Jetpacks and heavy material around production area
- Easy access for trucks
- Area for Research and Development team – essential for developing improved products and for customer customisation
- Located close to international airport
- Located close to airfield where customers can be taken to view Jetpack flight demonstrations

Jetpack Showroom

The Company is also planning, subject to successful negotiation, to set up a "showroom" facility at a nearby privately owned airfield which is approximately 20 minutes drive from the Company's head office. Much like a car sales showroom, this facility will contain demonstration Jetpacks, the Martin Jetpack Simulator and other marketing related products that a potential customer would expect to see prior to making a purchasing decision.

From this showroom, customers will be able to view manned and unmanned flight demonstrations of the Martin Jetpack on demand.



Martin Aircraft Company premises in Christchurch, New Zealand

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7.10 INTELLECTUAL PROPERTY PROTECTION

Protection of intellectual property has been taken very seriously by the Company. Significant technology and intellectual property developed through research and development of the Martin Jetpack has been protected under registered patents. The Company has patented the key concept behind the Martin Jetpack: the use of zero torque neutral ducted fans to propel the aircraft.

A report on the intellectual property, including a list patents and trademarks owned by the Company is set out in Section 14.

7.11 COMPETITORS

To the Company's knowledge, there is no directly comparable aircraft in the market or under development in the world today. However the concept of the "Jetpack" or "Rocket Belt", a device or small aircraft that allows a person to take flight, has been around for many decades.

7.11.1 History of Jetpacks and Rocket Belts:

Jetpacks or "Rocket Belts" were first developed by Bell Aerosystems and the US military in the 1950's and there have been a number of attempts at developing a practical jetpack over the years. Currently, the Company is aware of several chemical propellant powered Jetpacks available to purchase. These are generally powered by hydrogen peroxide. These jetpacks have several limitations including:

- **Short Flight Time:** The specifications of a number of models of Rocket Belt show a flight time of between 22 and 75 seconds
- **Fuel:** The fuel is not as readily available to purchase as petroleum
- **Limited Carrying Capacity:** The specifications of one model of Rocket Belt shows that it can only take a pilot and payload of 180lbs.
- **Limited Safety**: Due to the low altitude attainable in the approximate 30 second flight window attainable in some Rocket Belts, there is not likely to be any ability to deploy a parachute should the engine malfunction or the Rocket Belt run out of fuel.

Due to these limitations, the Company understands that these kinds of Jetpacks or rocket belts have only ever been used for demonstrations and entertainment purposes.

Below is an outline of competitors that can or have produced a propellant based Jetpack/Rocket Belt and the approximate cost.

Figure 12: Jetpack Producers

COMPANY	FLIGHT TIME	FUEL TYPE	ESTIMATED COST
Competitor 1	33 sec flight time	Hydrogen Peroxide	USD $155,000
Competitor 2	30 sec flight time	Hydrogen Peroxide	USD $250,000
Competitor 3	Up to 75 sec flight time	Hydrogen Peroxide	(no longer for sale)

7.11.2 Competing Aircraft

Below is a table consisting of types of aircraft that may be considered to be competitors to the Martin Jetpack.

Figure 13: Competing Aircraft

AIRCRAFT TYPE	PRICE	BENEFITS	DRAWBACKS
Small Helicopters	From $270,000 USD	Larger lifting capacity, longer range and higher altitude. Can fly in wider variety of weather conditions	Large in size. Helicopter pilot license required to fly, more expensive operating cost, cannot take off or land in small spaces
Microlight aircraft	Recreational Microlight's can be purchased for as low as USD$37,600	Inexpensive, easy to attain license to operate, range	Limited commercial uses, no VTOL capabilities
Heavy Lift VTOL UAV (helicopter)	Approximately $18m USD (MQ-8 Fire Scout)	Longer range, higher altitude, larger payload. Can fly in wider variety of weather conditions	Expensive to purchase and operate, primarily a military only aircraft

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7.12 AVIATION AUTHORITIES APPROVALS

The Martin Jetpack P12 has attained New Zealand Civil Aviation Authority (CAA) authorisation to fly manned and pilotless (via remote control).

The Max All Up Weight (MAUW) of the Martin Jetpack P12 is 320kg which is less than the 544kg weight limit specified in the CAA Advisory Circular 103-1. This classes the Jetpack as a Microlight aircraft in New Zealand.

Microlight classification basics:

- Class 1, single seat – requires registration and Annual Condition Inspection.
- Class 2, two seat, requires registration, Microlight Flight Permit, and Annual Condition Inspection.

Even though the Martin Jetpack is a single seat it is classed as a Class 2 based on the nature of the aircraft being analogous to single seat Microlight helicopters, thus requiring the following:

- NZCAA Certificate of Registration i.e. ZK-JMJ for Martin Jetpack S/N: P12.2 obtained from CAA under CAR Part 47
- A NZCAA Microlight Flight Permit was issued by CAA Team Leader of Airworthiness after reviewing the Flight Manual, Operations Manual, Safety Analysis and Risk Management procedures
- Annual Condition Inspection performed by Sport Aviation Corp. (SAC) Inspection Authority by a Licensed Aircraft Maintenance Engineer (LAME) under part 103/149

All Martin Jetpack Operations are regulated under the SAC umbrella in New Zealand as Group J detailed in the SAC exposition.

The Martin Jetpack P12.2 was issued a Conditional Release to Service by the Martin Aircraft Director of Engineering Ulrich Bergler prior to CAA Issue of Flight Permit which captures the design documentation and specifications complied with to build the aircraft and any changes incorporated.

As a risk mitigation strategy prior to the fitting of the ballistic parachute much of the flight testing of the Martin Jetpack P12 is done via remote controlled (RC) flight. A Senior Technical Specialist UAS and an Airworthiness Inspector from the CAA reviewed MACL's Standard Operating Procedures and Risk and Safety Management Procedures. The Manager of Special Flight Operations and Recreation Aviation issued a Pilotless Authorization under CAR Part 19.105, essentially treated like a Part 101 Operation.

All the Operating conditions and limitations are specified in the respective flight permit/authorization.

A revised Pilotless Authorization was issued on 1st August 2014 and is current up to 28th February 2015 for P12.2 ZK-JMJ & P12.3 ZK-JMK.

The Microlight Flight Permit was issued on 22nd August 2014 and is current up to 22nd February 2015 for P12.2 ZK-JMJ.

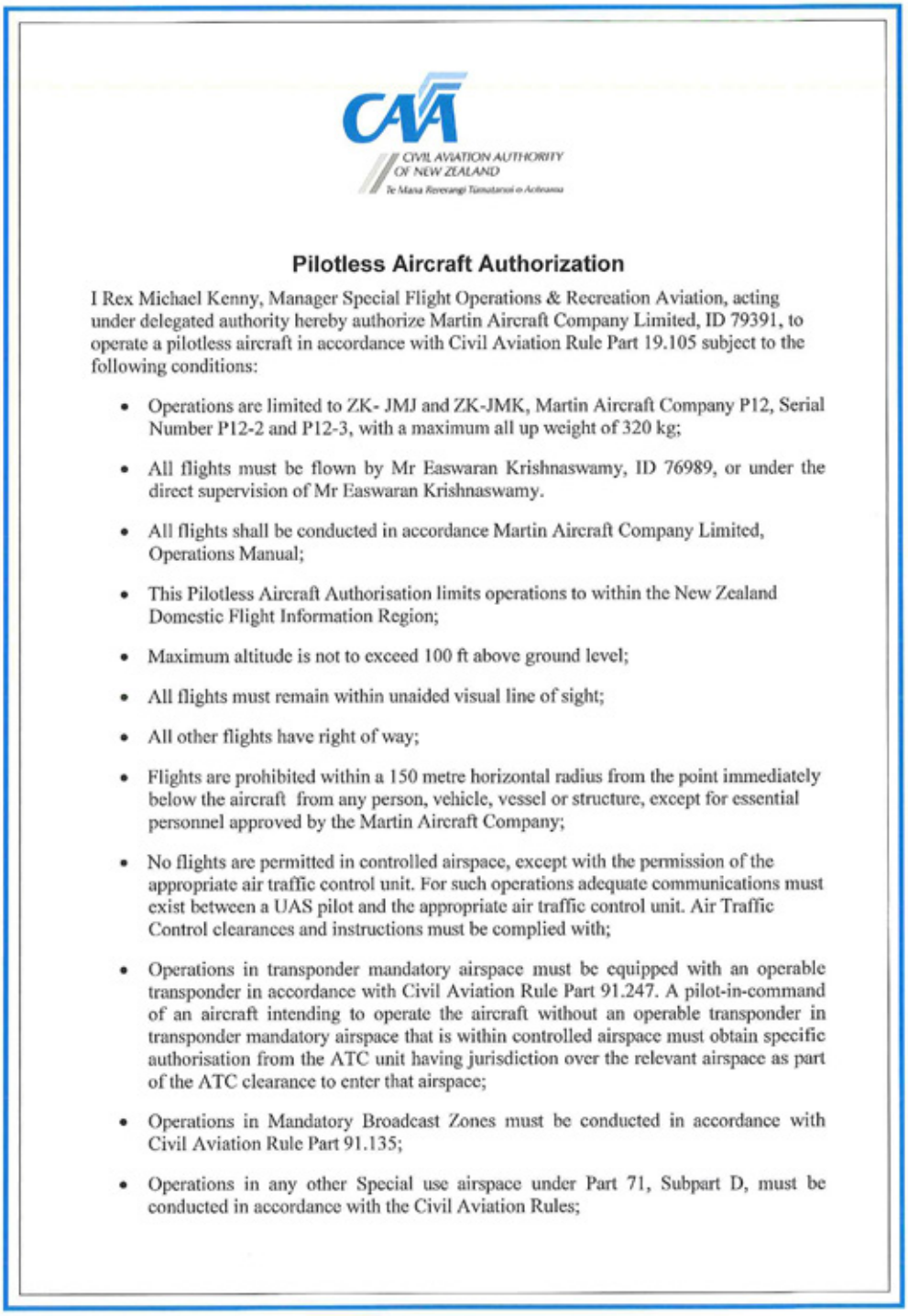
7.12.1 International Permits

The Company's approach to permits in other countries is based upon leveraging the permits already approved within New Zealand. The Company understands that some countries will allow a direct transfer of permits based upon the New Zealand permits; other countries may require more of a specific approvals process including the inspection of the aircraft prior to issuing permanent country registration.

This follows normal practice across the aviation industry particularly for Microlight, Ultralight and Sports Aircraft. The Director of Flight Operations will be the key executive in the Company responsible for liaising with potential customer's aviation regulatory authorities. Approvals mapping requirements will take place early in 2015.

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Figure 14: NZ CAA Authorisation



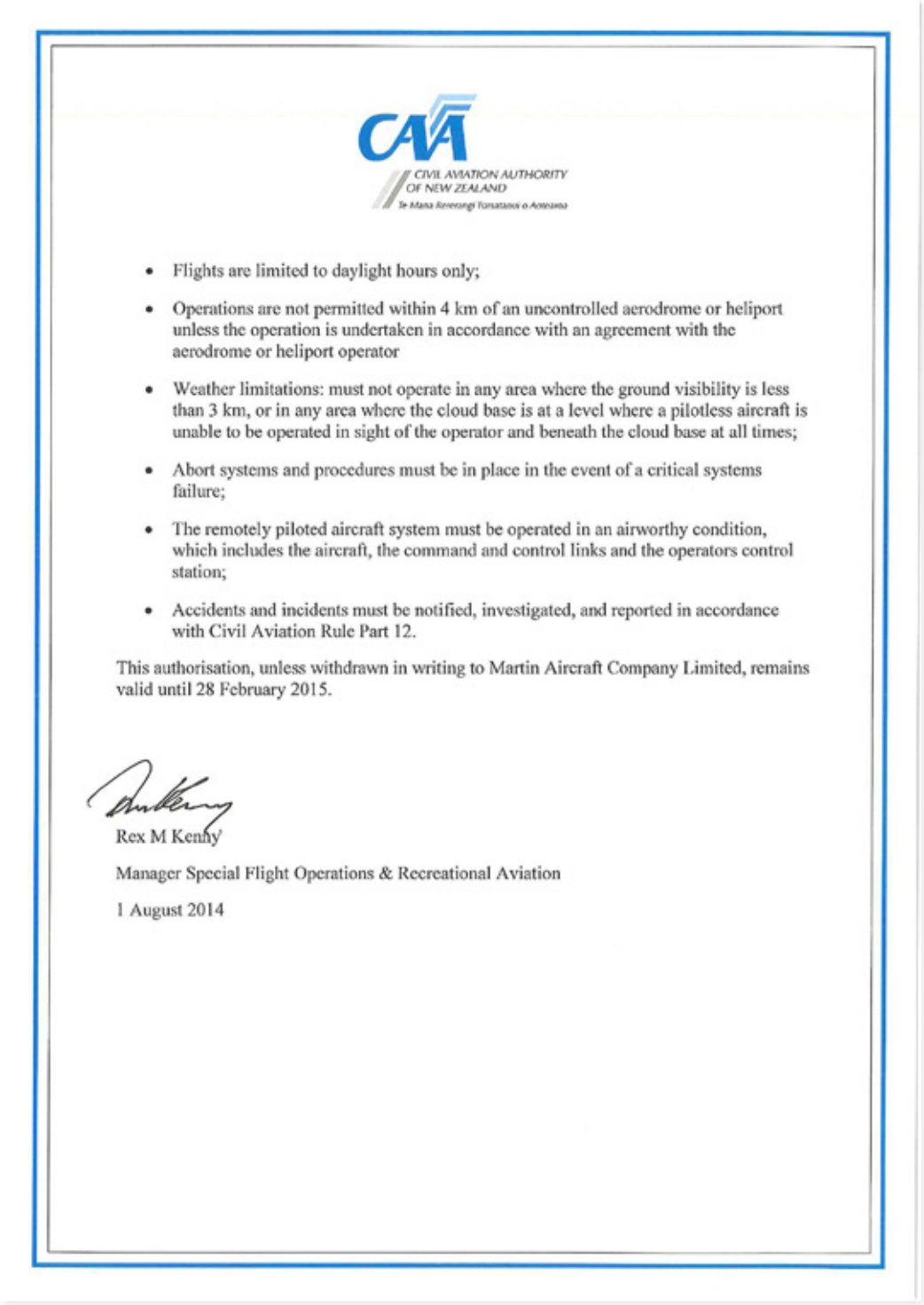
CIVIL AVIATION AUTHORITY OF NEW ZEALAND
Te Mana Rererangi Tūmatanui o Aotearoa

Pilotless Aircraft Authorization

I Rex Michael Kenny, Manager Special Flight Operations & Recreation Aviation, acting under delegated authority hereby authorize Martin Aircraft Company Limited, ID 79391, to operate a pilotless aircraft in accordance with Civil Aviation Rule Part 19.105 subject to the following conditions:

- Operations are limited to ZK- JMJ and ZK-JMK, Martin Aircraft Company P12, Serial Number P12-2 and P12-3, with a maximum all up weight of 320 kg;
- All flights must be flown by Mr Easwaran Krishnaswamy, ID 76989, or under the direct supervision of Mr Easwaran Krishnaswamy.
- All flights shall be conducted in accordance Martin Aircraft Company Limited, Operations Manual;
- This Pilotless Aircraft Authorisation limits operations to within the New Zealand Domestic Flight Information Region;
- Maximum altitude is not to exceed 100 ft above ground level;
- All flights must remain within unaided visual line of sight;
- All other flights have right of way;
- Flights are prohibited within a 150 metre horizontal radius from the point immediately below the aircraft from any person, vehicle, vessel or structure, except for essential personnel approved by the Martin Aircraft Company;
- No flights are permitted in controlled airspace, except with the permission of the appropriate air traffic control unit. For such operations adequate communications must exist between a UAS pilot and the appropriate air traffic control unit. Air Traffic Control clearances and instructions must be complied with;
- Operations in transponder mandatory airspace must be equipped with an operable transponder in accordance with Civil Aviation Rule Part 91.247. A pilot-in-command of an aircraft intending to operate the aircraft without an operable transponder in transponder mandatory airspace that is within controlled airspace must obtain specific authorisation from the ATC unit having jurisdiction over the relevant airspace as part of the ATC clearance to enter that airspace;
- Operations in Mandatory Broadcast Zones must be conducted in accordance with Civil Aviation Rule Part 91.135;
- Operations in any other Special use airspace under Part 71, Subpart D, must be conducted in accordance with the Civil Aviation Rules;

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CIVIL AVIATION AUTHORITY
OF NEW ZEALAND

- Flights are limited to daylight hours only;
- Operations are not permitted within 4 km of an uncontrolled aerodrome or heliport unless the operation is undertaken in accordance with an agreement with the aerodrome or heliport operator
- Weather limitations: must not operate in any area where the ground visibility is less than 3 km, or in any area where the cloud base is at a level where a pilotless aircraft is unable to be operated in sight of the operator and beneath the cloud base at all times;
- Abort systems and procedures must be in place in the event of a critical systems failure;
- The remotely piloted aircraft system must be operated in an airworthy condition, which includes the aircraft, the command and control links and the operators control station;
- Accidents and incidents must be notified, investigated, and reported in accordance with Civil Aviation Rule Part 12.

This authorisation, unless withdrawn in writing to Martin Aircraft Company Limited, remains valid until 28 February 2015.

Rex M Kenny

Manager Special Flight Operations & Recreational Aviation

1 August 2014

Note:
The inclusion of a copy of the NZ CAA Authorisation (which is publicly available) should in no way be seen as an endorsement of the Offer by the NZ CAA and the NZ CAA takes no responsibility for its inclusion or for any other part of the Prospectus.

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7.13 INSURANCE

The Company understands that the insurance of the Jetpack obtained by the new owner should follow standard insurance protocols for aircraft. Aviation insurance policies are distinctly different from those for other areas of transportation and tend to incorporate aviation terminology, as well as terminology, limits and clauses specific to aviation insurance. Both public liability insurance and hull insurance both in motion and on the ground can be obtained through aviation specific insurance companies. Often the country of registration or the country of use affects the premiums paid for aircraft insurance.

SECTION

8.0

DIRECTORS AND SENIOR MANAGEMENT

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Martin Aircraft staff outside the Company's head office

DIRECTORS AND SENIOR MANAGEMENT

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8.1 BOARD OF DIRECTORS



JON MAYSON

Non Executive Chairman

Qualifications
- MBA in International Business

Awards
- Companion of the NZ Order of Merit
- Honorary Doctorate Waikato University

Memberships
- Chartered Member – Institute of Directors
- Fellow of the NZ Institute of Management

Background

Jon was appointed as Chairman of the Company on April 1, 2014.

Jon is the former Chief Executive of the Port of Tauranga Limited (appointed in 1997) and was concurrently Chief Executive of Northport Ltd from its establishment in 2001 through until 2004.

Since leaving Port of Tauranga Limited, Jon has continued his career as a professional company Director, having held directorships on various private and public boards since 2000. Jon is a former Chair of New Zealand Trade and Enterprise.

Jon is currently Chairman of Scales Corporation Ltd, Fronde Systems Group Ltd, C3 Ltd, Ziwipeak Ltd and Trevelyan Pack & Cool Ltd.

Jon was made a Companion of the New Zealand Order of Merit for services to the shipping industry and export sector in 2006.



GLENN MARTIN

Founder, Non Executive Director

Qualifications
- B.Sc (Hons)

Memberships
- Member Institute of Directors

Awards
- Recipient of the Royal Aeronautical Society meritorious award 2011

Background

Glenn is the founder of the Company and inventor of the Martin Jetpack. He remains one of the largest shareholders in the Company.

Glenn conceived all the core technologies, developed the prototypes and attracted significant investment into the Company.

Glenn has worked in Research and development, technology transfer, QA and production in the Biopharmaceutical industry.

Glenn is recipient of the Royal New Zealand Aeronautical Society meritorious award 2011 and Member of the World-Class New Zealander network.

Glenn has degrees in Biochemistry and Physiology.

DIRECTORS AND SENIOR MANAGEMENT

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PETER COKER

Managing Director & Chief Executive Officer

Qualifications
- Graduate of Joint Service Defence College (RAF)

Former RAF Qualifications
- Qualified Flying Instructor (A2 Central Flying School) – QFI
- Qualified Weapons Instructor – QWI
- Command Instrument Rating Examiner – CIRE

Awards
- Queen's Commendation for Valuable Service in the Air (QCVSA)
- Officer of the Most Excellent Order of the British Empire (OBE)

Background

Peter Coker joined Martin Aircraft Company as CEO in April 2013. A former senior officer in the Royal Air Force, he has amassed over 5,000 military and civil flying hours and was a qualified flying and weapons instructor with substantial policy and procurement experience. He commanded both a squadron and station.

More recently, Peter was General Manager of Lockheed Martin (NZ) and Business Development Director for Asia Pacific for a Lockheed Martin Business Unit. Peter has served as a Director on Boards and is a member of the Institute of Directors. He is also a Fellow of the New Zealand Institute of Management, Fellow of the Royal Aeronautical Society and Upper Freeman of the Honourable Company of Air Pilots.

In 1996 Peter was made an Officer of the Most Excellent Order of the British Empire.



JENNY MOREL

Non-Executive Director

Qualifications
- BSc
- MA

Awards
- Companion of the NZ Order of Merit

Memberships
- NZ Global Women
- Women Corporate Directors

Background

Jenny is the Founder & Managing Partner, No 8 Ventures Management Ltd, which manages venture capital funds that invest in technology companies going global from New Zealand.

No 8 Ventures has been a significant investor in Martin Aircraft Company since 2004. Other recent ventures include ikeGPS (listed on the NZX in July 2014) and Rex Bionics (listed on AIM May 2014).

Jenny also founded and runs MORGO, an annual gathering of entrepreneurs building high growth companies from New Zealand. Jenny is also a past director of a number of public and private companies including NZ Rail, Port of Wellington, AgResearch, TrustBank, and NZ Trade & Enterprise.

In 2006 Jenny was made a Companion of the NZ Order of Merit for services to business.

DIRECTORS AND SENIOR MANAGEMENT

SECTION
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JOHN DIDDAMS

Non-executive Director

Qualifications
- B. Com (UNSW)
- Fellow of the Australian Society of CPAs

Memberships
- Fellow of the Australian Institute of Company Directors

Background

John has over forty years of financial and management experience as CFO, CEO and director of both private and public listed companies. John is the principal of a CPA firm that provides corporate advisory services to SME & mid-cap companies, including management of the process to raise equity capital, manage the due diligence process and listing on the ASX.

John has managed the process to raise capital and seek ASX listing for a number of SME companies over past 20 years, including managing a number of IPO's for offerings such as oil & gas interests, food & retail interests, agriculture, technology, medical devices and biotech.

His most recent IPO was to establish Australia's first indoor skydiving wind tunnel (ASX: IDZ), which was lauded as the best performing IPO of the year in 2013 (Deloitte IPO Report, AFR 23/12/2013).



STEVE BAYLISS

Non-Executive Director

Qualifications
- B. Com

Background

Steve is Group General Manager Marketing for Foodstuffs New Zealand. Foodstuffs is New Zealand's largest grocery group.

Previously he was General Manager Marketing for Air New Zealand. During his 6 year tenure the airline went from the aftermath of a near bankruptcy to the Best Airline in the World - as judged by Air Transport World.

Air New Zealand also became the most awarded marketing group in New Zealand. Steve previously held senior positions with international brewer Lion Nathan and with Coca Cola.

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8.2 EXECUTIVE MANAGEMENT TEAM



PETER COKER

Managing Director & Chief Executive Officer

Peter's Qualifications and Background can be found in Board of Directors, Section 8.1



JAMES WEST

Chief Financial Officer – Company Secretary

Qualifications

- B Com
- Chartered Accountant

Background

James is a qualified Chartered Accountant and brings an immense amount of experience to the Company having worked as financial controller and operations manager through to CEO/CFO at many companies.



ULRICH BERGLER

Vice President Engineering

Qualifications

- Dipl – Ing (FH) University of Applied Sciences, Munich
- MSc in Applied Psychology

Background

Ulrich has the equivalent of a BE in Mechatronics from Germany and has been actively involved in a wide range of manufacturing and technology industries. He has extensive experience in both the testing environment and bringing products to market. He also has a Masters in Applied Psychology.



MIKE TOURNIER

Vice President Sales & Marketing

Qualifications

- MBA

Background

Mike is an experienced sales and marketing practitioner with a strong record in successful international commercialisation across the world in both the private and public sector environments.

DIRECTORS AND SENIOR MANAGEMENT

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8.3 INTERESTS AND BENEFITS

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

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

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

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

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

8.3.1 Interests of Advisers

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

- Axstra Capital Pty Limited has acted as lead advisor to the Offer and the fees payable and other consideration to be provided to Axstra Capital pursuant to its engagement letter are described in Sections 12.1.

- Ord Minnett Limited has acted as lead manager to the Offer and the fees payable and other consideration to be provided to Ord Minnett pursuant to its engagement letter are described in Sections 12.3.

- PricewaterhouseCoopers Securities Ltd has acted as the Investigating Accountant on, and has performed work in relation to due diligence enquiries, the financial information in relation to the Offer and has performed work in relation to its Investigating Accountant's Report in Section 9.8. The Company has paid, or agreed to pay, approximately $100,000 (excluding disbursements and GST) for these services up to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd under time-based charges.

- PricewaterhouseCoopers Australia has acted as Australian taxation adviser to the Company in relation to outlining the Australian tax implications for Australian tax resident shareholders of participating in the Offer. The Company has paid, or agreed to pay, approximately $5,000 (excluding disbursements and GST) for these services up to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers under time-based charges.

- PricewaterhouseCoopers New Zealand has acted as New Zealand taxation adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately $30,000 (excluding disbursements and GST) for these services up to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers New Zealand under time-based charges.

- Norton Rose Fulbright Australia has acted as Australian legal adviser, and Bell Gully has acted as New Zealand legal adviser, to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately NZ$295,000 (excluding disbursements and GST) for these services up to the date of this Prospectus. Further amounts may be paid to Norton Rose Fulbright Australia and Bell Gully under time-based charges.

- Miro Capital Limited has acted as New Zealand financial adviser to the Offer and the fees payable to Miro Capital pursuant to its engagement letter are described in Section 12.4.

These amounts, and the other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Sections 9.5 and 9.6.

8.3.2 Director's Interests and Remuneration

By previous resolution of the Company the shareholders have authorised the total amount to be paid to the Directors (excluding any managing director) at NZ$400,000 per annum. Any change to that aggregate annual amount needs to be approved by Shareholders. The Company does not intend to utilise that full amount based on its current board of Directors.

The annual remuneration of the board of Directors to be paid by the Company following admission to the ASX is as follows:

DIRECTORS AND SENIOR MANAGEMENT

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Figure 15: Director Remuneration

DIRECTOR	BOARD FFES (NZ$)	COMMITTEE FEES (NZ$)
Jon Mayson, Chairman and non-executive director	$60,000 (Chair)	$7,500 (Member – Audit Committee)
Steve Bayliss, Non-executive director	$40,000	$15,000 (Chair - Remuneration and Nomination Committee)
John Diddams, Non-executive director	$40,000	$15,000 (Chair - Audit Committee)
Jenny Morel, Non-executive director	$40,000	$15,000 (Member - Audit Committee, Member –Remuneration and Nomination Committee)
Glenn Martin, Non-executive director	Included in Contract for Services (refer to Section 8.3.4)	Member, Remuneration and Nomination Committee. Remuneration included in Contract for Services
Peter Coker, Managing Director	Included in Employment Contract	Nil

In addition to their annual remuneration, the Directors may also be reimbursed for expenses properly incurred by the Directors in connection with the affairs of the Company including travel and other expenses. There are no retirement benefit schemes for the Directors.

8.3.3 Director's Interests in Shares and Other Securities

As at the date of this Prospectus the interest of the Directors or their associates in the Shares and Options issued by the Company is as per below:

Figure 16: Director Shares and other Securities

DIRECTOR	SHARES	OPTIONS	FINAL EXERCISE DATE	OPTIONS HELD ON EXERCISE PRICE ($NZ)
Jon Mayson, Chairman and non-executive director	Nil	360,000	2019	$0.55
Steve Bayliss, Non-executive director	183,330	676,670	316,670 in 2016 360,000 in 2019	$0.24 $0.55
John Diddams, Non-executive director**	600,000	360,000	2019	$0.55
Jenny Morel, Non-executive director*	500,000	760,000	400,000 in 2015 360,000 in 2019	$0.24 $0.55
Glenn Martin, Non-executive director	42,410,953	360,000	2019	$0.55
Peter Coker, Managing Director	Nil	3,000,000	2018	$0.24

Note:

*Jenny Morel is a director of No 8 Ventures Nominees Limited which holds shares on behalf of venture capital funds. At the date of this Prospectus No. 8 Ventures Nominees Limited is the registered holder of 51,441,060 Shares. No 8 Ventures Nominees Limited is not an associate of Jenny Morel for the purposes of the Corporations Act.

** John Diddams is entitled to additional shares on success of the IPO under the Axstra Capital agreement as set out in Section 12

Some of the shares held by Steve Bayliss, John Diddams, Jenny Morel and Glenn Martin will be subject to a compulsory 24 month escrow period. See Section 11.8.1 for further details on the escrow arrangements. Jenny Morel holds 400,000 Options on behalf of the No 8 Ventures venture capital fund.

8.3.4 Related Party Arrangements

The Company has entered into a contract with Glenn Martin, a non-executive director of the Company and the founder of the Martin Jetpack to serve as a Director and Company representative, reporting to the Chairman of the board. Mr Martin's initial role was to assist the board of directors and CEO with promotional activities and to assist in developing new commercial opportunities and other high level projects with the Company. The Board directs the roles of Mr Martin on a quarterly basis. Mr Martin's latest role is to support marketing of the Company when required by the Company and the provision of technical advice at the request of the CEO.

Mr Martin will provide the services as a contractor of the Company and therefore is not eligible for any employment related benefits. In consideration for the services rendered, the Company will pay Mr Martin NZ$10,000 per month (exclusive of GST) and any expenses reasonably incurred by Mr Martin in providing the services.

Throughout the term of the contract and following termination, Mr Martin is subject to a standard duty of confidentiality.

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The contract specifies that all intellectual property, including intellectual property which is produced or discovered by Mr Martin pursuant to his performance of the services, is and will remain the property of Company. The Company indemnifies Mr Martin for any claim arising out of any act or omission of Mr Martin in the course of providing the services, subject to standard carve-outs in relation to claims arising out of a breach of the contract by Mr Martin, criminal liability of Mr Martin or conduct outside of the scope of the contract, in respect of which Mr Martin will indemnify the Company.

The Company may terminate the contract for cause by giving 3 months' prior written notice, or any lesser period as mutually agreed. Mr Martin may terminate the contract by giving the Company not less than 3 months' notice, or such lesser period as may be agreed. Additionally, either party may terminate the contract if the Company ceases or threatens to cease to carry on its business or there is an insolvency event relating to the Company. Following any termination of the contract, Mr Martin is subject to a restraint on trade for periods of 12 to 24 months.

8.3.5 Executive Remuneration

8.3.5.1 Chief Executive Officer

The Company has entered into an employment agreement with Peter Coker under which Mr Coker is appointed as Chief Executive Officer (CEO) of the Company. The appointment took effect on 15th of April 2013 and once the Company is admitted to the Official List is terminable on three months' notice by either party. On termination Mr Coker is subject to a restraint restricting him from being directly or indirectly concerned with a competing business of the Company for a period of 12 months and from soliciting any of the Company's clients, suppliers or customers or engaging or employing any employees, also for a period of 12 months. Mr Coker is subject to an annual performance review. All intellectual property created while employed with the Company is expressed to be the property of the Company and Mr Coker assigns any such intellectual property to the Company.

Under the agreement Mr Coker is entitled to a salary of NZ$300,000 per annum to be reviewed annually. He was also granted 3,000,000 options with an exercise price of NZ$0.24 and exercisable on or before 2018. Mr Coker is entitled to an annual bonus at the Company's discretion.

In addition, the Board has agreed to pay Mr Coker a one-off discretionary bonus of NZ$50,000 on the admission of the Company to the Official List. Mr Coker is also entitled to be reimbursed for expenses reasonably incurred by him in the course of his employment.

8.3.5.2 Chief Financial Officer

The Company has entered into a Contract for Services with James West under which Mr West is appointed as the Chief Financial Officer (CFO) of the Company, while also acting as the Company Secretary. The appointment took effect on 1 October 2014 and may be terminated by six months' notice if the notice is given within six months of the Company listing or otherwise on three months' notice. There are also specific termination provisions that apply in the event of a change of control of the Company or a breach by Mr West.

On termination Mr West is subject to a restraint restricting him from being directly or indirectly concerned with a competing business of the Company for a period of six months and from soliciting any of the Company's clients, suppliers or customers or engaging or employing any employees, also for a period of six months. All intellectual property created while employed with the Company is expressed to be the property of the Company and Mr West assigns any such intellectual property to the Company.

Under the contract for services, Mr West is entitled to be paid NZ$125.00 per hour (plus GST) for a maximum of 40 hours per week invoiced monthly in arrears. The Company has granted Mr West 800,000 options to invest in the Company on the normal terms on which the Company issues options.

In addition, the Board has agreed to pay Mr West a one off success fee of $50,000 (plus GST) should the Company successfully list on a Stock Exchange and/or success fee of $15,000 (plus GST) in the event that the Contractor secures any investor who invests in excess of NZ$1 million in the Company.

8.3.5.3 Senior Management Incentive Arrangements

In addition to the remuneration paid to Executive Management the Company has issued options to the following individuals under the Company's employee share option plan. See Section 13.5.18 for further details on the terms of the Options:

Figure 17: Executive Management Options

EXECUTIVE	NO. OF OPTIONS	FINAL EXERCISE DATE	EXERCISE PRICE (NZ$)
Peter Coker	3,000,000	2018	$0.24
James West	800,000	2019	$0.55
Bill Clemence	450,000	2017	$0.24
Ulrich Bergler	800,000	2019	$0.55
Mike Tournier	800,000	2019	$0.55

The Company is keen to retain its senior executive team and to grow it over time. An important element of recruiting suitable experienced personnel is to offer incentive packages that align the interests of management with the proposed future growth of the Company. For this reason it is anticipated that the Company will issue options in the future to new senior management appointments.

DIRECTORS AND SENIOR MANAGEMENT

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8.4 CORPORATE GOVERNANCE

This Section explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

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

Copies of the Company's key policies and practices and the charters for the Board and each of its committees will be available at www.martinjetpack.com.

8.4.1 Board of Directors

The Board of Directors is comprised of the Non-Executive Chairman who is independent and four non-executive directors, two of whom are independent and one executive director who is the CEO. The Board comprises:

- Jon Mayson, Independent Non-Executive Director and Chairman
- Glenn Martin, Non-Executive Director
- Peter Coker, CEO & Managing Director
- Jenny Morel, Non-Executive Director
- John Diddams, Independent Non-Executive Director
- Steve Bayliss, Independent Non-Executive Director

Each non executive and independent Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive Director without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case by case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board Charter has adopted a definition of independence that is based on that set out in the ASX Recommendations. The Board also considers qualitative principles of materiality for the purpose of determining "independence" on a case by case basis. The Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with, the Director's ability to act in the best interests of the Company.

Although John Diddams has been contracted by Axstra Capital to assist with the Offer this is a one-off mandate and there will be no ongoing business relationship between John Diddams and Axstra Capital relating to the Company's affairs. In the circumstances, the Board is of the opinion that this does not compromise the independence of John Diddams as a non-executive director of the Company. Accordingly the Board considers that John Diddams is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director's judgement and he is able to fulfil the role of independent Non-Executive Director for the purpose of the ASX Recommendations.

Jenny Morel is currently considered by the Board not to be independent since she is a representative of No. 8 Ventures, a substantial shareholder of the Company.

Glenn Martin is currently not considered by the Board to be independent since he is a substantial shareholder of the Company and has a services contract with the Company.

Peter Coker is currently not considered by the Board to be independent since he is the CEO of the company.

Accordingly as at Completion, the Board will consist of 50% of independent directors for the purposes of the ASX Recommendations. It is the current intention of the Board to seek an additional independent non-executive director to compliment the skillset and experience of the current board after the IPO.

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8.4.2 Board Charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It envisages that the Board should comprise Directors with a range of skills, expertise, experience and diversity which are relevant to the Company's business and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

8.5 Board Committees

The Board Committee compositions given below are current at the time of this Prospectus. Membership is reviewed annually by the Board.

8.5.1 Audit and Risk Committee

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

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

The Board has adopted a policy regarding the services that the Company may obtain from its auditor. It is the policy of the Company that it's external auditor:

- Must lack any current or past connection or association with the Company or with any member of senior management which could in any way impair, or be seen to carry with it any risk of impairing, the independent external review the external auditor is required to take in relation to the Company;
- Benefit from a general reputation for independence and probity and profession standing within the business community; and
- Possess knowledge of the industry within which the Company operates.

The Audit and Risk Committee Charter provides that the committee will comprise at least three members each of whom, if appropriate, are Non-Executive Directors and a majority of whom, if appropriate, are independent. The chair of the committee shall be an independent Non-Executive Director who does not chair the Board.

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

The Committee currently comprises John Diddams (Chair), Jon Mayson and Jenny Morel. The Board acknowledges ASX Recommendation 4.2 that a majority of the members of an audit committee should be independent directors. Although only two of three Directors on the Audit and Risk Committee are classified as independent Directors, all members of the committee are Non-Executive Directors. The Board believes that the current members of the committee are the most appropriate to achieve its objectives (having regard to their experience and skills) and that each member will bring independent judgement to the Audit and Risk Committee's deliberations.

8.5.2 Remuneration and Nomination Committee

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

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

The committee currently comprises of Steve Bayliss (Chair), Jenny Morel and Glenn Martin. The Board acknowledges ASX Recommendation 8.2 that a majority of the members of a remuneration committee should be independent directors. Although only one of three Directors on the Remuneration and Nomination Committee are classified as independent Directors, all members of the committee are Non-Executive Directors. The Board believes that the current members of the committee are the most appropriate to achieve its objectives (having regard to their experience and skills) and that each member will bring independent judgement to the Remuneration and Nomination Committee's deliberations.

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8.6 CORPORATE GOVERNANCE POLICIES

8.6.1 Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, which sets out the way the Company conducts business. The Company will carry on business honestly and fairly, acting only in ways that reflect well on the Company in strict compliance with all laws and regulations.

The policy document outlines the Company's employees' obligations of compliance with the Code of Conduct, and explains how the code interacts with the Company's other corporate governance policies.

Responsibilities include using the Company's resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest.

8.6.2 Securities Trading Policy

The Company has adopted a Securities Trading Policy which will apply to Directors, the Chief Executive Officer and other senior executives reporting to the Chief Executive Officer, including the Chief Financial Officer and other employees nominated by the Chief Executive Officer because their duties are considered to have access to insider information)(**Key Management Personnel**) and all full time, part time and casual employees and contractors (together with the Key Management Personnel, **Company Personnel**).

The Securities Trading Policy is intended to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and establish procedures in relation to Company Personnel dealing in the Shares.

Subject to certain exceptions, including severe financial hardship, the Securities Trading Policy defines certain "closed periods" during which trading in Shares by Company Personnel is prohibited. Those closed periods are currently defined as any of the following periods:

- Between 1 January and one business day after the announcement by the Company of its half year results;
- Between 1 July and one business day after the announcement by the Company of its annual results; and
- Such other periods advised by the Board or the Chief Executive Officer (such as prior to the announcement to ASX of a significant matter or event).

In all instances, buying or selling Shares is not permitted at any time by any person who possesses price-sensitive information in a manner contrary to the Corporations Act.

8.6.3 Shareholder Communications Policy

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and that they are informed of all major developments affecting the state of affairs of the Company relevant to Shareholders in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all other information with the ASX required by the Company's continuous disclosure obligations and publishing information on the Company's website. In particular, the Company's website will contain information about it, including media releases, key policies and the terms of reference of its Board committees. All announcements made to the market and any other relevant information will be posted on the Company's website at www.martinjetpack.com as soon as they have been released to the ASX.

8.6.4 Continuous Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Company will be required to disclose to the ASX any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Board aims to ensure that Shareholders and stakeholders are informed of all major developments affecting the Company's state of affairs. As such, the Company has adopted a Disclosure Policy and Shareholder Communication Policy, which together establish procedures to ensure that Directors and Senior Management are aware of, and fulfil their obligations in relation to, providing timely, full and accurate disclosure of material information to the Company's stakeholders and comply with the Company's disclosure obligations under the Corporations Act and Listing Rules. The Disclosure Policy also sets out procedures for communicating with Shareholders, the media and the market.

The Company is committed to observing its disclosure obligations under the ASX Listing Rules and Corporations Act. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX and continuous disclosure announcements will be made available on the Company's website at www.martinjetpack.com

8.6.5 Risk Management Policy

The identification and proper management of the Company's risks are an important priority of the Board. The Company has adopted a risk management policy appropriate for its business (which is reflected in the Audit and Risk Committee's Charter). This policy highlights the risks relevant to the Company's operations and the Company's commitment to designing and implementing systems and methods appropriate to minimise and control its risks. The Board is responsible for overseeing and approving risk management strategy and policies. The Board has delegated to the Audit and Risk Management Committee responsibility for identifying major risk areas and monitoring risk management to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Company will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations.

SECTION

9.0

FINANCIAL INFORMATION

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The Martin Jetpack P12

FINANCIAL INFORMATION

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INTRODUCTION

The financial information for Martin Aircraft Company Limited (MACL) contained in Section 9 includes:

- Statutory historical financial information for MACL being the:
  - Statutory historical income statements for FY2012, FY2013, FY2014 (**Statutory Historical Income Results**);
  - Statutory historical cash flow statements for FY2012, FY2013, FY2014 (**Statutory Historical Cash Flow Statements**); and
  - Statutory historical balance sheet as at 30 June 2014 (**Statutory Historical Balance Sheet**), (**the Statutory Historical Financial information**).
- Historical financial information for MACL being the:
  - Historical income statement 3 month period to 30 June 2014
  - Historical cash flow statement for 3 month period to 30 June 2014 (**the Historical Financial Information**).
- Pro forma historical financial information for MACL being the:
  - Pro forma historical balance sheet as at 30 June 2014 assuming minimum proceeds of $A10m are raised from the Offer
  - Pro forma historical balance sheet as at 30 June 2014 assuming maximum proceeds of $A25m are raised from the Offer (**Pro Forma Historical Balance Sheets**), (the **Pro Forma Historical Financial Information** and together with the Statutory Historical Financial Information and Historical Financial Information, the **Financial Information**).

Also summarised in this Section are:

- The basis of preparation and presentation of the Financial Information ; and
- MACL's proposed dividend policy

All amounts disclosed in the tables in this Section are presented in New Zealand dollars and, unless otherwise noted, are rounded to the nearest thousand.

9.1 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

9.1.1 Overview

The statutory historical income and cash flow statements of MACL for FY2012, FY2013 and FY2014 and the historical income and cash flow statement for the 3 month period to 30 June 2014 have been audited by PricewaterhouseCoopers New Zealand (PwC). PwC have issued an unqualified opinion in respect of FY2012, FY2013, FY2014 and 3 month period to 30 June 2014 with an emphasis of matter in relation to the material uncertainty about the Company's ability to continue as a going concern on the basis that further equity investment would be required by the Company within 12 months of signing the relevant period financial statements.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Generally Accepted Accounting Practice in New Zealand which comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by NZ IFRS or IFRS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

MACL's key accounting policies are set out in later in this Section. They have been consistently applied throughout the periods presented.

On Listing MACL's financial statements will continue to be prepared in accordance with NZIFRS and IFRS, and will continue to be audited in accordance with the NZ Equivalents to the International Auditing Standards.

The financial information presented in this Section should be read in conjunction with the risk factors set out in Section 10 and other information contained in this Prospectus.

9.1.2 Preparation of Historical Financial Information

The Statutory Historical Financial Information has been extracted from the audited financial statements of Martin Aircraft Company Limited for FY2012, FY2013 and FY2014 and the 3 month period to 30 June 2014.

The Historical Financial Information and Pro Forma Historical Financial Information presented in the Prospectus has been reviewed by PwC. Investors should note the scope and limitations of the Investigating Accountant's Report included later in this Section.

Investors should note that past results are not a guarantee of future performance.

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9.2 STATUTORY HISTORICAL INCOME STATEMENT

Table 1 below presents the statutory historical income statements for FY2012, FY2013 and FY2014 and the historical income statement for the 3 month period to 30 June 2014.

Table 1: Statutory Historical Income Statement from FY2012 to FY2014 and 3 Month Period to 30 June 2014

March year end $ thousand	FY2012	FY2013	FY2014	Historical 3m to June 2014
Revenue	3	5	-	-
Cost of Sales	-	(19)	(3)	-
Gross Profit	**3**	**(14)**	**(3)**	**-**
Other Income	25	2	-	-
Expenses				
- Research and development	(713)	(924)	(1,239)	(476)
- Operating	(604)	(374)	(912)	(253)
- Operating lease	(58)	(58)	(66)	(22)
- Employment	(441)	(397)	(736)	(171)
(Loss)/Profit before tax	**(1,788)**	**(1,765)**	**(2,956)**	**(922)**
Tax expense	-	-	-	-
NPAT	**(1,788)**	**(1,765)**	**(2,956)**	**(922)**

Notes:

1. MACL has one operating segment being research and development of the Jetpack and a corporate centre supporting the business.
2. There are no non-recurring items in the historical period that require adjustment. In addition, adjustments have not been made to the statutory historical income statement to illustrate the pro forma impact of listed company costs. The Directors of MACL estimate listed company costs to be $570k p.a which includes director's fees, insurances, annual reporting and compliance expenses.
3. R&D related employment costs have been reclassified from employment costs in the statutory income statements and presented in research and development costs in the above table.

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9.3 PRO FORMA HISTORICAL BALANCE SHEET

The Pro forma Historical Balance Sheet below sets out the adjustments that have been made to the audited historical balance sheet for MACL as at 30 June 2014 to prepare pro forma balance sheets, one to reflect the minimum subscription of A$10m or NZ$11m and one to reflect the maximum subscription of A$25m or NZ$27.5m. These adjustments reflect the impact of the operating and capital structure that will be in place following Completion of the Offer as if it had occurred or was in place as at 30 June 2014.

Table 2: Pro Forma Historical Balance Sheet

			Minimum Subscription		Maximum Subscription	
As at 30 June 2014 $ thousand	**Historical**	**Pre-IPO Capital Raise**	**Impact of the Offer**	**Pro forma**	**Impact of the Offer**	**Pro forma**
Assets						
Current Assets						
Cash and cash equivalents	702	3,669	8,537	12,908	24,016	28,387
Trade and other receivables	57			57		57
Total current assets	**759**	3,669	8,537	**12,965**	24,016	**28,444**
Non-current assets						
Property, plant and equipment	81			81		81
Intangible assets	363			363		363
Total non-current assets	**444**			**444**		**444**
Total assets	**1,203**	**3,669**	**8,537**	**13,409**	**24,016**	**28,888**
Liabilities						
Current Liabilities						
Trade and other payables	493			493		493
Total current liabilities	**493**			**493**		**493**
Total liabilities	**493**			**493**		**493**
Net assets	**710**	**3,669**	**8,537**	**12,916**	**24,016**	**28,395**
Equity						
Contributed equity	17,852	3,669	8,537	30,058	24,016	45,537
Other reserves	307			307		307
Retained earnings	(17,449)			(17,449)		(17,449)
Total equity	**710**	**3,669**	**8,537**	**12,916**	**24,016**	**28,395**

Notes:

1. Contributed equity of 17,852k at 30 June includes $13,252k relating to Ordinary shares and $4,600k relating to Preference shares. The Preference shares convert to Ordinary shares on IPO.
2. Pre-IPO capital of $3,988k has been raised subsequent to 30 June 2014. Costs in relation to this Pre-IPO capital of $319k have been incurred relating to advisor fees and these costs have been offset against contributed equity.
3. The pro forma balance sheet reflects, as a result of the Offer under the minimum subscription scenario, a contributed equity increase of $8,537k through the issue of shares by the Company ($11,000k) less IPO transaction costs ($2,463k) offset against contributed equity.
4. The pro forma balance sheet reflects, as a result of the Offer under the maximum subscription scenario, a contributed equity increase of $24,016k through the issue of shares by the Company ($27,500k) less IPO transaction costs ($3,484k) offset against contributed equity.
5. An exchange rate of AUD:NZD of 1:1.10 has been applied for the translation of equity raised under the offer and IPO transaction costs incurred by Australian advisors.

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The pro forma historical balance sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of MACL's future financial position. Further information on the sources and uses of funds of the Offer is contained later in this Section.

9.3.1 Share Capital

Table 3 below sets out a reconciliation of share capital from 30 June to post Offer indicating the impact of the Pre-IPO Capital Raise, the 10:1 share split that occurred on 18 July 2014 and the effect of the Offer.

Table 3: Share Capital Reconciliation

SHARE CAPITAL	NUMBER OF SHARES	$
Number of Ordinary Shares on Issue at 30 June 2014	10,681,211	13,251,839
Number of Preference Shares on Issue at 30 June 2014	5,517,237	4,600,000
Total Share Capital at 30 June 2014	**16,198,448**	**17,851,839**
Share Split 10:1	161,984,480	
Number of Ordinary Shares issued in Pre-IPO Capital Raise	13,294,628	3,988,388
Total Share Capital after Pre-IPO Capital Raise	**175,279,108**	**21,840,227**
Share Capital Issued arising from the Offer under Minimum Scenario	20,000,000	11,000,000
Total Share Capital Post Offer under Minimum Scenario	**195,279,108**	**32,840,227**
Additional Share Capital Issued arising from the Offer under Maximum Scenario	30,000,000	16,500,000
Total Share Capital Post Offer under Maximum Scenario	**225,279,108**	**49,390,227**

Notes:

1. An exchange rate of $A1: $1.10NZD has been applied for the translation of equity raised under the offer.
2. Share capital under the minimum and maximum scenarios in the table above can be reconciled to the Pro Forma Balance Sheet by taking into account costs relating to Pre-IPO Capital Raise of $319k and IPO Transaction Costs of $2,463k (minimum scenario) and $3,484k (maximum scenario).
3. Axstra Capital in its capacity as the Company's corporate advisor is entitled to a success fee on completion of the IPO based on the post IPO market valuation of the Company. The success fee is expected to be settled with 30% cash and 70% equity in the Company. The equity proportion of the success fee under the minimum and maximum subscription scenarios equates to $675k (1,350k shares) and $752k (1,504k shares) respectively. These shares are expected to be issued on listing but have been excluded from the share capital reconciliation shown above and contributed equity in the Pro Forma Balance Sheet . Both the cash and equity components of the Axstra success fee have been included in IPO transaction costs that have been offset against contributed equity.
4. The Convertible Preference shares on issue at 30 June 2014 convert to ordinary shares in the Company on IPO.

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9.3.2 Liquidity and Capital Resources

Following Completion of the Offer, MACL's principal sources of funds will be the cash proceeds raised from the Offer. Cash flows from operations are not expected until the Jetpack is commercialised in Q2 2016 as further described in Section 7.6.6.

MACL expects that it will have sufficient working capital available from the cash proceeds of the Offer under the maximum scenario to fulfil the purposes of the Offer and meet its stated business objectives. If cash proceeds of the Offer under the minimum scenario are raised MACL will have the ability to deliver those outputs up to Q3 2015 in its projected commercialisation plan shown in Figure 10: Jetpack Capabilities Roadmap described in Section 7.8. Certain aspects of the plan would need to be delayed under the minimum scenario such as the automated parachute deployment and MACL would not be able to deliver initial production of Jetpacks without further capital injection.

9.4 SUMMARY STATUTORY HISTORICAL CASH FLOW STATEMENTS

Set out below is a summary of MACL's statutory historical cash flow statements for FY2012, FY2013, FY2014 and historical cash flow statement for the 3 month period to 30 June 2014.

Table 4: Summary Historical Cash Flow Statements for FY2012, FY2013, FY2014 and 3 Month Period to 30 June 2014

				Historical
March year end $ thousand	**FY2012**	**FY2013**	**FY2014**	**3 Months to 30 June 2014**
Receipts from customers	6	8	-	
Interest	15	25	23	7
Other income	5	7	-	-
Tax received/(paid)	-	(1)	1	(2)
Payments to suppliers and employees	(1,595)	(1511)	(2,273)	(852)
Operating cash flow before financing	**(1,569)**	**(1,472)**	**(2,249)**	**(847)**
Purchase of fixed assets	(3)	(15)	(62)	(20)
Purchase of intangibles	(63)	(63)	(43)	(12)
Proceeds/repayment of Loans	100	100	-	-
Proceeds from issue of new Shares	1,173	2,428	2,636	398
Loan repayment	-	(201)	-	-
Net cashflow from investing and financing activities	**1,207**	**2,249**	**2,531**	**366**
Net cashflow	**(362)**	**778**	**282**	**(481)**

1. There are no non-recurring items in the historical period that require adjustment. In addition, adjustments have not made to the statutory cash flow statements to illustrate the pro forma impact of listed company costs.

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9.5 MANAGEMENT DISCUSSION AND ANALYSIS OF THE STATUTORY HISTORICAL FINANCIAL INFORMATION

9.5.1 General Factors Affecting the Operating Results

Below is a discussion of the general factors which affected MACL's operations and relative financial performance in FY2012, FY2013, FY2014 and the historical 3 month period to 30 June 2014 which the Directors expect may continue to affect it in the future.

The discussion of those general factors is intended to provide a brief summary only and does not detail all factors that affected MACL's historical operating and financial performance, nor everything which may affect operations and financial performance in the future.

Revenue

Minimal revenue contribution from demonstrations, merchandise and images has been earned in the historical period however this is small as the Jetpack is still in its development and commercialisation phase.

Operating expenses

Key expenses include:

- **Research and development expense** – Includes R&D salaries, contractors, materials and other expenses related to the research and development of the Martin Jetpack and auxiliary products. MACL's level of R&D spend has been primarily driven by the level of funding that it has received. The principal component of R&D expense relates to R&D salaries, including subcontractors, which have steadily risen as the company has progressed towards commercialisation. The increase in FY14 R&D costs related to costs incurred on the development of the jetpack engine. Other key R&D expenses relate to body composites, the flight development system, and the parachute and jetpack simulator.
- **Employment expense** – Employee expense includes non-R&D salaries and wages (administration and management), movement in the share option reserve, recruitment fees and on-costs. Employee expense reduced in FY13 as a number of employees were made redundant or moved to shorter term contract roles. This was increased in FY14 as the company has employed key personnel that are critical to effect the IPO of MACL and commercialisation of the Jetpack, including a CEO and Head of Engineering.
- **Operating expenses** – Operating expenses include administration costs, marketing costs, fundraising costs and other expenses. There has been significant movement in the individual components of operating expenses year on year due to the company's changing circumstances over the period. The reduction in other operating expense in FY13 is due to some significant promotional expenses in FY12 and FY14 which were not incurred during FY13. FY14 also includes director's fees, which have increased due to the upcoming IPO, and associated increased governance complexity.
- **Operating lease expense** – The operating lease expense relates to the rent for the Company's premises. The Company recently signed a lease for new premises at Wigram, Christchurch New Zealand.

9.6 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Entities reporting

Martin Aircraft Company Limited is a Company registered under the New Zealand Companies Act 1993. Martin Aircraft Company Limited holds interests in the following entities which are both non-trading entities:

- Martin Jetpack USA Inc – 100% owned by Martin Aircraft Company Limited
- Sino New Zealand Special Aircraft Manufacture Company – 49% owned by Martin Aircraft Company Limited

Consolidated financial information has not been prepared on the basis that no transactions have ever occurred within these entities. Consolidated financial information would be the same as the Company financial information presented.

Historical cost convention

The financial information has been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below. The preparation of financial information in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial information are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial information is presented in New Zealand dollars, which is the Company's functional and presentation currency.

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(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Sales of goods

Sales of goods are recognised when the entity has delivered a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including any fees payable for the transaction. Such fees are included in cost of goods sold.

(ii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(iv) Grants

Grants received are recognised in the income statement when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

(d) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. New Zealand tax legislation requires that a company maintains shareholder continuity of at least 49% to be able to carry forward tax losses. Shareholder continuity is ordinarily tested by reference to the voting interests of the ultimate shareholders.

New Zealand tax legislation allows taxpayers to elect to allocate all or part of a deduction for qualifying R&D expenditure to future income years. The deferred deduction can be claimed against future revenues from the results of the R&D or, provided the standard loss carry forward rules are satisfied, against any other future taxable revenue.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Accumulated tax losses have not been recognised as a deferred tax assret as it is not yet probable that future taxable profit will be available against which the losses can be utilised. Total tax losses as at 30 June 2014 amounted to $4,795k. Research and development costs as at 30 June 2014 have been carried forward for tax purposes amounting to $6,084k.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments of operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(e) Goods and services tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(f) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight – line basis over the period of the lease.

(g) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the

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higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(i) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Land is not depreciated. Depreciation of property, plant and equipment is calculated using diminishing value so as to expense the cost of the assets over their useful lives. The rates are as follows:

- Plant and equipment 10% - 60%

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(j) Intangible assets

(i) Research and development

Research expenditure is recognised as an expense as incurred. Development costs are recognised as assets if they meet the recognition criteria. The recognition criteria for capitalising development costs are set on the commercial viability and success of the product being developed. Otherwise, the costs of development activities are expensed as incurred. Development costs recognised as assets are amortised over their estimated useful lives. There are no capitalised development costs as at 30 June 2014 (2013: Nil).

(ii) Intellectual Property

Expenditure incurred on patents, trademarks or licenses are capitalised from the date of application. They have a definite useful life and are carried at cost less accumulated amortisation. They are amortised only after the patent has been issued, using the straight line method over the period of expected benefit but not exceeding 20 years.

(iii) Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 -5 years). Costs associated with maintaining computer software program are recognised as an expense when incurred.

(k) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(m) Employee benefits

Liabilities for wages and salaries, including nonmonetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

(i) Equity settled share based compensation

The Company operates an equity settled, share based incentive plan, under which the Company issues share options to employees, directors and key partners as consideration as an incentive to remain with the Company. The fair value of the options is recognised as an expense. The total amount to be expensed is

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determined by reference to the fair value of the options granted.

The fair value is measured at grant date and spread over the vesting period.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. Revisions to original estimates, if any, are recognised in the statement of comprehensive income, with a corresponding adjustment to equity.

The fair value of the options granted is measured using the Black-Scholes valuation model, taking into account the terms and conditions upon which the options are granted. When options are exercised, the Company issues new shares and the amount in the share options reserve relating to those options, together with the exercise price paid by the employee, is transferred to share capital.

(n) Dividends

The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors, including the operating results and financial condition of the Company, future funding requirements, any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.

(o) Subsidiaries and joint arrangements

The Company holds interests in two non-trading entities which are and have been dormant from their inception. As there are no transactions within these entities they have not been consolidated.

(p) Segment reporting

An operating segment is a component of an entity that engages in business activities which earns revenue and incurs expenses and for which the chief operating decision maker (CODM) review the operating results on a regular basis and makes decisions on resource allocation. The Company has determined its CODM to be the Company's Board of Directors on the basis that it is this group that determines the allocation of resources to segments and assesses their performance.

The reportable operating segments of the Company have been determined based on the components of the Company that the CODM monitors in making decisions about operating matters. Such components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the entity.

9.7 SOURCES AND USE OF PROCEEDS

In conjunction with the Offer, MACL will issue new equity of A$10m/NZ$11m under the minimum subscription scenario and A$25m/NZ$27.5m under the maximum subscription scenario.

Proceeds from the Offer will be used to pay:

- commercialisation of the Jetpack; and
- other transaction advisory fees, costs and expenses arising in connection with the Offer

Figure 17: Sources and Use of Funds

SOURCES AND USE OF FUNDS	MINIMUM SUBSCRIPTION NZ$ THOUSAND	MAXIMUM SUBSCRIPTION NZ$ THOUSAND
Cash proceeds received for New Shares issued under the Offer	11,000	27,500
Total sources	**11,000**	**27,500**
USE OF FUNDS	**MINIMUM SUBSCRIPTION NZ$ THOUSAND**	**MAXIMUM SUBSCRIPTION NZ$ THOUSAND**
Payment of Offer expenses	2,460	3,480
Commercialisation of Jetpack	8,540	24,020
Total uses	**11,000**	**27,500**

Note:
Any discrepancies between totals and sums of components in this table above are due to rounding.

9.8 CAPITAL EXPENDITURE

The Company expects to incur less than NZ$750,000 capital expenditure over the next 12 months in operating the business including leasehold improvements on the new premises. Set up costs for production of the Martin Jetpack will increase as production increases.

9.9 FOREIGN CURRENCY

MACL prepares its financial information in New Zealand dollars as its reporting currency. To facilitate comparison of financial information, key Offer statistics (including gross proceeds from the Offer and indicative Market capitalisation at the Offer Price) that have been presented in Australian dollars an exchange rate of $A1.00: $1.10NZ has been used which is the spot exchange rate as at 24 October 2014.

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9.10 INVESTIGATING ACCOUNTANT'S REPORT

The Directors
Martin Aircraft Company Limited
39 Ballarat Way
Wigram
Christchurch 8042
New Zealand

24 October 2014

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Martin Aircraft Company Limited historical and pro forma historical financial information and Financial Services Guide

We refer to the Prospectus (**Offer Document**) proposed to be issued under the Corporations Act 2001 (Cth) by Martin Aircraft Company Limited (the **Company**) in connection with the initial public offering (**IPO**)(**Offer**) of shares in the Company and a listing on the Australian Securities Exchange.

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

Historical Financial Information

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical financial information of the Company included in the offer document:

- the Statutory Historical Income Statements for the years ended 31 March 2012, 2013, 2014 and the Historical Income Statement for the 3 month period to 30 June 2014;
- the Statutory Historical Balance Sheet as at 30 June 2014;
- the Statutory Historical Cash Flow Statements for the years ended 31 March 2012, 2013, 2014 and the Historical Cash Flow Statement for the 3 month period to 30 June 2014;

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards and the Company's adopted accounting policies. The historical financial information has been extracted from the financial report of the Company for the years ended 31 March 2012, 2013, 2014 and the 3 month period to 30 June 2014 which was audited by PricewaterhouseCoopers New Zealand in accordance with the New Zealand Equivalents to International Auditing Standards and International Auditing Standards. PricewaterhouseCoopers New

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Zealand issued an unqualified opinion with an emphasis of matter in relation to fundamental uncertainty to going concern of the Company on the basis that the ability of the Company to continue in operational existence is dependent on its ability to raise additional funding. The historical financial information is presented in the offer document 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

You have requested PricewaterhouseCoopers Securities Ltd to review the following pro forma historical financial information of the Company included in the offer document:

- the pro forma Balance Sheet as at 30 June 2014 assuming minimum proceeds of A$10m are raised from the Offer;
- the pro forma Balance Sheet as at 30 June 2014 assuming maximum proceeds of A$25m are raised from the Offer.

The pro forma historical financial information has been derived from the historical financial information of the Company, after adjusting for the effects of pro forma adjustments described in section 9 of the offer document. The stated basis of preparation is the recognition and measurement principles contained International Financial Reporting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 9 of the offer document, as if those events or transactions had occurred as at the date of the 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/or cash flows.

Directors' responsibility

The directors of the Company are responsible for the preparation of the 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 historical financial information and included in the pro forma historical 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 and pro forma historical financial information that are free from material misstatement.

Our responsibility

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

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not

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enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information of the Company, as described in section 9 of the offer document, and comprising:

- the Statutory Historical Income Statements for the years ended 31 March 2012, 2013, 2014 and the Historical Income Statement for the 3 month period to 30 June 2014;
- the Statutory Historical Balance Sheet as at 30 June 2014; and
- the Statutory Historical Cash Flow Statements for the years ended 31 March 2012, 2013, 2014 and the Historical Cash Flow Statement for the 3 month period to 30 June 2014;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 9 of the offer document being the recognition and measurement principles contained in International Financial Reporting 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 9 of the offer document, and comprising:

- the pro forma Balance Sheet as at 30 June 2014 assuming minimum proceeds of A$10m are raised from the Offer;
- the pro forma Balance Sheet as at 30 June 2014 assuming maximum proceeds of A$25m are raised from the Offer.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 9 of the offer document being the recognition and measurement principles contained in International Financial Reporting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 9 of the offer document, as if those events or transactions had occurred as at the date of the historical financial information.

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Restriction on Use

Without modifying our conclusions, we draw attention to section 9 of the Offer Document, which describes the purpose of the financial information, being for inclusion in the Offer Document. 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 public document 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 Offer Document. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Offer Document.

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



Andrew Cloke
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

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Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 24 October 2014

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Martin Aircraft Company Limited (the **Company**) to provide a report in the form of an Investigating Accountant's Report in relation to its proposed initial public offering and listing on the Australian Securities Exchange for inclusion in the prospectus dated on or about 24 October 2014.

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.

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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.

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:

Andrew Cloke
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Darling Park Tower 2,
201 Sussex Street,
GPO Box 2650,
SYDNEY NSW 1171

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9.11 NZ TAXATION REPORT



The Directors
Martin Aircraft Company Limited
46 Curries Rd
Christchurch
New Zealand

24 October 2014

Dear Directors

The following summary outlines the New Zealand tax implications for New Zealand resident and non-resident investors in Martin Aircraft Company Limited (MACL). The summary is based on New Zealand tax laws as at the date of this Prospectus. New Zealand tax laws are subject to change and the tax treatment for particular investors may differ. It is recommended that all investors seek their own professional advice on the taxation implications before investing in the company.

New Zealand Taxation Implications

In this section, 'you' refers to the person who acquires the Shares.

Tax will affect your return from the Shares.

The following comments are of a general nature. They are based on the law at the date of this Prospectus and do not deal with your specific circumstances.

You should seek your own tax advice in relation to your Shares.

Are You Tax Resident in New Zealand?

Your tax residence status will affect how New Zealand taxes apply to your return on the Shares.

You will be a New Zealand tax resident if you are a natural person and you:

- have a permanent place of abode in New Zealand; and/or
- have been present in New Zealand for more than 183 days in a 12-month period.

If you have been present in New Zealand for more than 183 days in a 12-month period, but do not have a permanent place of abode in New Zealand, and are subsequently absent from New Zealand for more than 325 days in a 12-month period, you stop being a New Zealand resident from the first day of absence.

A company is tax resident in New Zealand if it is incorporated in New Zealand, if it has its head office or centre of management in New Zealand or if its directors exercise control of the company in New Zealand.

Generally, Shares held by a trust will be treated as held by a New Zealand tax resident if a New Zealand tax resident has contributed to the trust.

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This document is a tax advice document and should be kept confidential. It is not required to be disclosed to Inland Revenue. Inland Revenue can request disclosure of "tax contextual information".

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If you are a New Zealand tax resident and are also tax resident in another country, the following summary applying to New Zealand tax residents may not apply to you, and you should seek your own tax advice.

MACL will assume you are a New Zealand tax resident unless you notify MACL otherwise.

New Zealand Tax Implications for New Zealand Tax Resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are tax resident in New Zealand.

Distributions you receive from MACL

Distributions you receive from MACL will generally be taxable dividends for New Zealand tax purposes. Some distributions you receive from MACL may not be taxable dividends (for example, non-taxable bonus issues and certain returns of capital).

New Zealand operates an imputation regime under which income tax paid by MACL gives rise to credits, known as imputation credits, which may be attached to dividends it pays. Imputation credits attached to dividends may be used by New Zealand tax-resident shareholders as a credit against their tax liability in respect of the dividends. The maximum ratio at which MACL can attach imputation credits to dividends is 28:72 (i.e. $28 of imputation credits to $72 of cash dividend).

MACL will generally be required to deduct resident withholding tax (RWT) from dividends it pays to you. Currently, the rate of RWT on dividends is 33%, less the amount of imputation credits attached to the dividend. Accordingly, where imputation credits are attached to dividends at the maximum permitted ratio (i.e. the dividends are fully imputed) RWT equal to 5% of the gross dividend (i.e. cash plus imputation credits) will be deducted. Where dividends are partially imputed, the amount of RWT deducted will be greater than 5% of the gross dividend. You will be entitled to a credit against your income tax liability for the amount of RWT deducted. MACL will not deduct RWT from dividends you receive if you hold a current RWT exemption certificate and have provided a copy of that certificate to MACL before the dividend is paid to you.

Example of a Fully Imputed Taxable Dividend

The following is an illustrative example of a fully imputed cash dividend of $72 paid to a New Zealand tax resident shareholder that does not have a RWT exemption certificate:

	Cash dividend	$72	A fully imputed cash dividend of $72 will have $28 of imputation credits attached, giving a gross dividend of $100. The gross dividend is taxable income to the recipient.
Plus	Imputation credits attached	$28	
	Gross dividend	$100	
	RWT at 33%	$33	The RWT deducted by MACL will be 33% of the gross dividend less the amount of imputation credits attached.
Less	Imputation credits attached	($28)	
	RWT deducted	$5	

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	Cash dividend	$72	After RWT is deducted, the recipient will receive a net cash dividend of $67. The recipient will be entitled to a credit against their personal income tax liability for the imputation credits attached to the dividend and the RWT deducted. Therefore, a recipient on a 33% marginal tax rate will not have any further tax to pay in respect of the dividend. A recipient on a marginal tax rate lower than 33% may be able to use excess tax credits to satisfy a tax liability on other income or obtain a refund of tax.
Less	RWT deducted	($5)	
	Net cash dividend received	$67	

Example of a Partially Imputed Taxable Dividend

The following is an illustrative example of a cash dividend of $72 imputed to the extent of 50% (i.e. $14 of imputation credits attached) paid to a New Zealand tax resident shareholder that does not have a RWT exemption certificate:

	Cash dividend	$72	A partially imputed cash dividend of $72 with $14 of imputation credits attached gives a gross dividend of $86. The gross dividend is taxable income to the recipient.
Plus	Imputation credits attached	$14	
	Gross dividend	$86	
	RWT at 33%	$28.38	The RWT deducted by MACL will be 33% of the gross dividend less the amount of imputation credits attached.
Less	Imputation credits attached	($14)	
	RWT deducted	$14.38	
	Cash dividend	$72	After RWT is deducted, the recipient will receive a net cash dividend of $57.62. The recipient will be entitled to a credit against their personal income tax liability for the imputation credits attached to the dividend and the RWT deducted. Therefore, a recipient on a 33% marginal tax rate will not have any further tax to pay in respect of the dividend. A recipient on a marginal tax rate lower than 33% may be able to use excess tax credits to satisfy a tax liability on other income or obtain a refund of tax.
Less	RWT deducted	($14.38)	
	Net cash dividend received	$57.62	

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Filing an income tax return

If you are not otherwise required to file an income tax return, receiving dividends from MACL will not change that generally. If you are on a tax rate of less than 33% you may be able to reduce your other tax liabilities, or receive a refund of some or all of the RWT deducted from dividends paid to you, by filing a tax return.

If you file a tax return, you must include in your taxable income not only the cash dividend you receive, but also the imputation credits attached to, and RWT deducted from, your MACL dividend. This total amount included in your taxable income is referred to as the gross dividend. You will be able to use attached imputation credits and a credit for RWT deducted to satisfy (or partially satisfy) your tax liability on the gross dividend. If the attached imputation credits and RWT deducted exceed the amount of tax on the gross dividend, your tax liability on other income you earn may be reduced as a result of receiving the MACL dividend.

Sale or disposal of Shares

Although New Zealand does not have a general capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares or be allowed a deduction for any loss you make. You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable (or loss deductible).

Generally, you will be subject to tax on any gain (or allowed to deduct any loss) arising from the sale or disposal of your Shares if you:

- are in the business of dealing in shares;
- acquire your Shares as part of a profit-making undertaking or scheme; or
- acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax-deductible loss) will be the difference between the cost of your Shares and the amount received for their sale or disposal. If you have a taxable gain, you will likely be required to include that gain in a tax return for the tax year in which the sale occurs. You will need to pay any tax owing in respect of that gain at your marginal tax rate.

New Zealand Tax Implications for Non-Resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are not tax resident in New Zealand and hold less than 10% of the voting interests in MACL.

Distributions you receive from MACL

MACL will deduct non-resident withholding tax (NRWT) from taxable dividends paid to you. Most distributions by MACL will be taxable dividends, but non-taxable bonus issues and certain returns of capital will not be taxable dividends. A 15% rate of NRWT will apply:

- to the extent the dividend is fully imputed; or
- if you are resident in a country with which New Zealand has a double taxation agreement that provides for such a rate,

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otherwise a 30% rate of NRWT will apply.

If MACL pays a fully imputed dividend, then MACL may pay you an additional supplementary dividend which effectively offsets the NRWT on the dividend. If MACL pays a partially imputed dividend, the amount of supplementary dividend will be reduced on a pro rata basis so that it will effectively offset the NRWT on part of the dividend only.

Sale or disposal of Shares

Although New Zealand does not have a general capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares (or allowed a deduction for any loss you make). You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable (or loss deductible).

Generally, you will be subject to tax on any gain (or be allowed to deduct any loss) arising from the sale or disposal of your Shares where you:

- are in the business of dealing in shares;
- acquire your Shares as part of a profit-making undertaking or scheme; or
- acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax-deductible loss) will be the difference between the cost of your Shares and the amount received for their sale or disposal.

If you are a resident of a country which has a double taxation agreement with New Zealand, subject to the particular provisions of the relevant double taxation agreement, any New Zealand tax liability on any income you derive from the sale of shares in New Zealand companies generally may be relieved under the terms of the relevant double taxation agreement unless you have a permanent establishment in New Zealand through which the shares are held.

If you derive a taxable gain on the sale or disposal of your Shares and the New Zealand tax liability is not relieved under a double taxation agreement you will be required to include that gain in a New Zealand tax return for the tax year in which the sale occurred and pay tax on the gain in New Zealand at your applicable rate.

No Stamp Duty or GST

New Zealand does not have stamp duty. New Zealand GST should not apply to your investment in the Shares.

Yours sincerely

Mike Morgan
Partner
mike.j.morgan@nz.pwc.com
T: +64 9 355 8708

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9.12 AUSTRALIAN TAXATION REPORT

The Directors
Martin Aircraft Company Limited
46 Curries Rd
Christchurch
New Zealand

24 October 2014

Dear Directors

Australian Taxation Implications

The following summary outlines the Australian income tax, including capital gains tax (CGT), Goods and Services Tax (GST), and stamp duty implications for Australian tax resident investors participating in the offer of shares (Shares) in Martin Aircraft Company Limited (MACL) .

This summary does not purport to be a complete analysis of the taxation laws of Australia or the potential tax consequences for shareholders and is intended as a general guide to the Australian tax implications only. It should not be a substitute for advice from an appropriate professional advisor and all shareholders are strongly advised to obtain their own professional advice on the tax implications based on their own specific circumstances.

The categories of investors considered in this summary are limited to Australian tax resident individuals, companies and complying superannuation entities that hold their Shares for the purpose of investment and are not trading in the Shares. This advice does not consider the Australian tax consequences for particular types of investors, including those who are exempt from Australian tax.

This summary has been prepared on the basis that MACL:

- is a tax resident of New Zealand;
- is not also a tax resident of Australia;
- is not a Controlled Foreign Company as defined in Pt X of the Income Tax Assessment Act 1936 (1936 Act); and
- does not have operations in Australia and therefore has not made an election for the Australian franking system to apply to it under the Trans-Tasman Triangular imputation rules.

This summary is based on the 1936 Act, Income Tax Assessment Act 1997 (1997 Act), applicable case law and published Australian Taxation Office rulings, determinations and administrative practice in force at the date of this prospectus. These are subject to change periodically as is the interpretation by the courts.

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1.1 TAXATION OF DIVIDENDS TO AUSTRALIAN TAX RESIDENT SHAREHOLDERS

1.1.1 GENERAL

Australian investors will generally be required to include in their assessable income the amount of any dividend received in respect of their Shares in the income year in which it is paid.

To the extent that any New Zealand withholding tax is paid in respect of the dividend, the amount included in assessable income should be grossed up for the amount of withholding tax paid. The withholding tax paid should generally give rise to a foreign income tax offset (FITO) which may be used to offset some or all of the Australian tax payable in respect of the dividend.

Broadly, a FITO will reduce the Australian tax payable on foreign income that has been subject to foreign income tax. The amount of FITO available is equal to the foreign income tax paid, subject to a limit. The FITO limit is the greater of A$1,000 or the Australian tax that would be payable on the Australian investor's assessable foreign income for the year.

1.1.2 CORPORATE SHAREHOLDERS

Corporations should be entitled to a tax offset up to the amount of the FITO on the dividend, subject to the FITO limit discussed above.

An Australian Company which holds a relevant voting interest of 10% or more in MACL would not be required to include dividends on Shares in its assessable income, and as such, would not be entitled to a FITO for New Zealand withholding tax paid.

1.1.3 DIVIDENDS RECEIVED IN FOREIGN CURRENCY

To the extent a dividend is received in a currency other than Australian dollars (e.g. New Zealand dollars), the amount included in assessable income is to be translated into Australian dollars (generally at the exchange rate applicable on the day the dividend is paid). For the purpose of a FITO, foreign tax is generally translated into Australian dollars at the exchange rate applicable at the time of payment.

1.2 CAPITAL GAINS TAX (CGT) IMPLICATIONS FOR AUSTRALIAN TAX RESIDENT SHAREHOLDERS ON A FUTURE DISPOSAL OF COMPANY SHARES

Generally, the disposal of shares in a company by an Australian tax resident shareholder will trigger a CGT event.

A shareholder will derive a capital gain in relation to a future disposal of the Shares to the extent the capital proceeds received from the disposal exceed the cost base of their Shares. Conversely, a capital loss will be made where the capital proceeds are less than the reduced cost base of the Shares.

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Capital losses may be used to offset capital gains made in the same income year or may be carried forward to be offset against future capital gains, subject to the satisfaction of certain loss recoupment rules relevant to certain types of shareholders.

The cost base and reduced cost base of the Shares will generally be the cost of acquiring the shares plus any incidental costs associated with both the acquisition and disposal of the shares.

A CGT discount may be applied against a capital gain where the investor is an individual, trustee or complying superannuation entity and the Shares have been held for more than 12 months. Where the CGT discount applies, the capital gain arising to individual or trustee may be reduced by one half (and by one third for a complying superannuation entity) after offsetting current year or prior year capital losses.

Australian investors that are companies are not eligible for the CGT discount. An Australian corporate, which holds a direct voting interest of 10% or more in the company may have the amount of capital gain or loss reduced to the extent that the company has underlying active business assets.

For completeness, it is noted that to the extent amounts relevant to determining a capital gain or loss are in a currency other than Australian dollars, the amount or value is to be translated to Australian dollars at the exchange rate applicable at the time of the relevant transaction or event (e.g. at the time of acquisition or disposal).

1.3 STAMP DUTY

No Australian stamp duty should be payable by investors on any issue of shares under this Prospectus or on any subsequent transfer of shares while the company remains listed on the Australian Stock Exchange.

1.4 GST IMPLICATIONS

No Australian GST liability should arise on either the issue of the shares pursuant to this Prospectus or on any subsequent transfer of shares.

Yours sincerely



Kel Fitzalan
Partner

SECTION

10.0 RISKS

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Martin Aircraft Jetpack assembly

RISKS

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10.1 INTRODUCTION

Due to the nature of the Company's products or services and the Company entering the commercialisation phase of development, the Directors believe that an investment in the Shares remains speculative at this stage. You should carefully consider the risks involved in acquiring the Shares, including those risks described below and all of the other information set out in this Prospectus before deciding to invest in the Shares. If any of the events or developments described below occurs, the Company's business, financial condition or results of operations could be negatively affected. In that case, the market price of the Shares could decline, and you could lose all or part of your investment. You should note that on quotation of the Shares on the Official List, the market price may differ significantly to the Offer Price paid for the Shares. As with any equity investment, substantial fluctuations in the value of that investment may and often do occur.

This Section 10, which is not exhaustive of all risks, identifies the risks that the Directors regard as the major risks associated with the Company's business and the industry in which it operates and the risks associated with an investment in the Shares. You should read the entire Prospectus (with particular emphasis on this Section) in order to fully appreciate the risks of an investment in the Shares and the manner in which the Company intends to operate (in an effort to minimise the impact of those risks) before any decision is made to subscribe for the Shares.

The Directors are of the opinion that the funds being sought will enable the Company to capitalise on the next phase of activity however if you are considering an investment in the Company, you are also strongly advised to consider whether the Shares are a suitable investment having regard to your personal investment objectives and financial circumstances (and the risk factors set out in this Section 10). If you are in any doubt about the suitability of an investment in the Company, you should consult with your financial adviser, stockbroker, solicitor, accountant or other professional adviser before deciding whether to apply for the Shares.

10.2 COMPANY SPECIFIC RISKS

Risks specific to the Company's business and the industry in which it operates:

Figure 18: Industry-specific Risks

TYPE OF RISK	DESCRIPTION OF RISK
Early stage development risk	The Company is at a pre-revenue stage as it has not yet sold any Martin Jetpacks. The Offer is aimed at raising sufficient funds for the Company to finalise its development of the Martin Jetpack so that it may commercialise the product and start generating revenue through sales of the product. There can be no guarantee that the Company will be able to finalise the commercialisation of the Martin Jetpack within the currently proposed timelines, or within the proposed budget. If, for example, one of the Company's suppliers (or proposed suppliers) of components for the Martin Jetpack was to go into liquidation this could potentially cause significant delays to the commercialisation of the Martin Jetpack. The number of components in the Martin Jetpack, and the complexity of developing multiple components at the same time, represents a risk to the proposed timelines. Of all the components, the engine requires the most development work in order to be reliable and robust enough for commercial application and the Company is focused on ensuring that the engine becomes ready for production in accordance with the timelines and will continue to develop the capabilities of the engine and different types of engines over time. While the Company believes that there has been sufficient global interest in the Martin Jetpack to date to provide its belief that sales of the Martin Jetpack will eventuate following its commercialisation, the Company does not yet have any formal signed orders or customers. The Company expects to start generating orders once the commercialisation phase has been further progressed.

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TYPE OF RISK	DESCRIPTION OF RISK
Competition	It is possible that other manufacturers around the world may be trying to replicate the Martin Jetpack technology to develop their own jetpack. The Company believes it has what will be a global market-leading product and, based on its patents, it should be the first to fully develop and commercialise a practical jetpack. However, the Company cannot guarantee that a competitor will not commercialise a jetpack type of product before the Martin Jetpack has been commercialised.
Funding	The ability of the Company to effectively implement and expand its business plan over time may depend in part on its ability to raise capital under the Offer and if required to raise additional funds. The Directors give no assurances that any equity or debt funding will be available to the Company, or be available on acceptable terms.
Reliance on Board Members and Key Management	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its Board of Directors, executive management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these personnel cease their employment or engagement with the Company. In addition, the speed with which the Company is able to commercialise the Martin jetpack will rely heavily on the ability of the Company to attract and retain personnel with the appropriate skills. The Company's location in Christchurch New Zealand and its phase of development, and the limited pool of appropriately qualified and experienced personnel globally, can act as a barrier to recruiting the required personnel. While every effort is made to retain key personnel, and to recruit new personnel as the need arises, the loss of one or more key personnel may adversely affect the Company's development plans, earnings or growth prospects.
Growth Management	The Company's success is dependent on successful management and execution of its growth strategy. To manage this growth effectively, the Company will need to maintain efficient control and supervision of its operations and financial systems and continue to expand, train and manage its employees and secure new appropriate skilled employees. Further to this, the Company will need to keep abreast of new and developing technology. There is a risk that the Company may not be able to execute its growth strategies.
Supply of components	The Company has significant reliance on the supply of technical components to manufacture the Martin Jetpack. While the Company's suppliers (and proposed suppliers) should be able to meet the Company's demand for components, if the Company was to scale up its operations to commence manufacturing a number of Martin Jetpacks it remains to be seen if such suppliers can keep up with the Company's demand. Any failure by suppliers to meet demand, or any requirements for the Company to source components from an alternative supplier, could hamper the Company's growth prospects.
Government and legal risk	Changes in government, fiscal, monetary environmental, taxation, regulatory policies and other laws may also affect the business of the Company. The market in which the Company provides products and services is anticipated to become subject to increasing regulation. Changes to the regulatory framework could impact on the industry generally and have an adverse impact on the financial position, performance, assets and operations of the Company.
Aviation permits	While the Martin Jetpack has obtained a CAA permit to fly in New Zealand, it has not yet been provided with the appropriate flight approval in any other jurisdiction. The Company considers that there is a risk that the Martin Jetpack may not meet flying standards in certain countries which may require additional cost to resolve, or which may result in the Martin Jetpack not being able to be marketed initially in those countries. If this circumstance arises this could impact on the Company's proposed future sales of Martin Jetpacks and would negatively impact future revenue generation.

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TYPE OF RISK	DESCRIPTION OF RISK
Reputation	The success of the Company is dependent on it maintaining a positive reputation. Unforeseen issues, accidents, or events involving a Martin Jetpack which leads to injury or death, could place the reputation of the Company at risk and may impact on future earnings and growth prospects.
Intellectual property and patents	There is a risk of a claim being brought against the Company by a third party alleging that all or part of the Martin Jetpack infringes its intellectual property rights (including patents). This risk is essentially present with all early stage technology companies, but the Company has sought to mitigate this with its own intellectual property strategy. The idea of the "jet pack" has been around for over 70 years, so it is not possible to patent the "jet pack" concept. However, it is possible to patent the specific technologies within the Martin Jetpack that make the jetpack concept workable for the first time. The Company's patent attorneys believe that the present patent policy being followed by the Company, if continued, will provide sound and comprehensive protection not only for the basic Martin Jetpack device but also for the various improvements to that device which are made as the design develops.
Taxation	Changes in tax law, or changes in the way taxation laws are interpreted may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. 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 the Company.
Tax losses	The Company has significant accumulated tax losses which may reduce tax payable in future financial periods once the Company starts generating revenue. As a result of the Offer, or other shareholding changes, there is a chance that some or all of those tax losses may be lost. This may result in the Company paying more tax in the future than is currently anticipated.
Regulatory risk	The Company is subject to a range of regulatory controls imposed by government and regulatory authorities (for example, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time depending on changes in the laws and the policies of the governments and regulatory authorities. The Company is exposed to the risk of changes to the applicable laws and/or the interpretation of existing laws which may have a negative effect on the Company, its investments and/or returns to Shareholders or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against the Company.
Dividend risk	The Company has not to date paid any dividend. There is no certainty that the Company will pay dividends in the future.
Restriction Agreements	As a consequence of the Offer and the Company's proposal to list on the ASX, ASX requires that 69 existing shareholders in the Company execute Restriction Agreements regarding their shareholding in the Company (see Section 11.8.1 for further information). As at the date of this Prospectus the Company has obtained 61 of the Restriction Agreements from those shareholders. However, if the Company is unable to obtain all of the Restriction Agreements from the shareholders it may not be able to proceed with the listing on ASX, and the Offer will ultimately be withdrawn and proceeds returned.

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10.3 INVESTMENT SPECIFIC RICKS

General risks associated with an investment in the Company are as follows:

Figure 19: Investment Specific Risks

TYPE OF RISK	DESCRIPTION OF RISK
Income and capital risk	An investment in the Company is speculative in nature and the capital contributed and the returns projected are not guaranteed by the Company, it's Directors, officers or any other person. The speculative nature of the investment poses a risk and the capital may not be returned.
Existing shareholders retain a significant stake	Following Completion the existing Shareholders will hold 77.8% of the issued capital of the Company and the board will continue to contain a Director that has been nominated by an existing Shareholder. 126,042,177 of the existing Shares, representing 71.9% of the issued capital of the Company pre IPO, will be subject to escrow restrictions, with 66,450,928 representing 37.9% of the issued capital being subject to escrow restrictions for a period of 24 months following the Company's listing on ASX. Following the lifting of escrow restrictions there is no restriction on the sale of any of the Shares released and shareholders are able to sell those Shares as they deem appropriate. These Shareholders may not be long term holders of the Shares and a significant sale of Shares by some or all of the existing Shareholders, or the perception that such sales have occurred or might occur, could adversely affect the price of Shares. Alternatively, the absence of any sale of Shares by the existing Shareholders may cause or contribute to a diminution in the liquidity of the market for the Shares.
Liquidity and IPO Risk	There is no guarantee that the Shares will trade at a particular price or a particular volume after the Company's listing on the ASX. There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly there is a risk that, should the market for shares become illiquid, Shareholders will be unable to realise their investment in the Company.
Dilution	The Company may need to raise additional funds through a further capital raising or debt facility at some time in the future after the conclusion of capital raising being undertaken as described in this Prospectus. Any such further capital raising is likely to have the effect of diluting the interests of Shareholders.
Litigation	In the ordinary course of its business, the Company may be subject to the risk of litigation and other disputes with its employees, consultants, lessors, regulators and other third parties. Proceedings may result in high legal costs, adverse monetary judgments and/or damage to the Company's reputation, which ultimately is likely to have an adverse effect on the financial performance of the Company.
General Economic Risks	The performance of the Company, in common with other companies, is subject to general economic conditions, movements in interest and inflation rates, prevailing global commodity prices and currency exchange rates may have an adverse effect on the Company's activities, as well as its ability to fund those activities. Further, share market conditions may affect the value of the Company's quoted shares regardless of the Company's operating performance. Share market conditions can be affected by many market factors such as: ▸ General economic outlook; ▸ Interest rates and inflation rates; ▸ Currency fluctuations; and ▸ Changes in investor sentiment.

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10.4 CONCLUSION

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares. Therefore, there is no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

You should consider that an investment in the Company is speculative at this stage and consult your financial adviser, stockbroker, solicitor, accountant or other professional advisers before deciding whether to apply for the Shares.



Martin Aircraft staff at the company's head office in Christchurch, NZ

SECTION

11.0

DETAILS OF THE OFFER

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A Martin Jetpack assembly bay

DETAILS OF THE OFFER

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11.1 WHAT IS THE OFFER?

The Company is offering Shares to raise a minimum of A$10 million and up to maximum of A$25 million.

11.1.1 The Offer is Comprised of a:

a] **Priority Offer**; which is open to existing Martin Aircraft Company Limited shareholders and who have a registered address in Australia or New Zealand and to investors who have Pre-registered for shares under this Offer via the pre-registration website before the pre-registration closing date of Monday 27 October 2014.

b] **Broker Firm Offer**; which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia or New Zealand Investors who have been offered a firm allocation by a Broker, will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. Investors should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

c] **General Offer;** which is open to investors who have a registered address in Australia or New Zealand.

d] **ASX BookBuild Offer;** which is open to all eligible applicants who may instruct their Broker to submit a bid via the ASX BookBuild Facility.

Applicants under the Priority Offer, Broker Firm Offer, General Offer and ASX Bookbuild Offer will be required to pay A$0.50 or NZ$0.55 per Share for each Share they apply for.

11.1.2 Discretion Under the Offer

The Company reserves the right not to proceed with the Offer at any time before the allotment of Shares under the Offer. If the Offer does not proceed, Application Monies received by the Company will be refunded in full (without interest). The Company takes no responsibility for Application Monies paid to the Lead Manager until these are received by the Company.

The Company reserves the right to decline any Applications in whole or in part without giving any reason. An Application may be accepted by the Company in respect of the full number of Shares specified in the Application or any of them without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

The Company reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant

11.2 PURPOSE OF THE OFFER

The purpose of the Offer is to:

- Provide the funds to take the Jetpack into commercial production, to establish an international sales and marketing organisation, and to develop the Jetpack further for different markets;
- Provide the Company with access to capital markets to give added financial flexibility to pursue further growth opportunities;
- Provide an opportunity for others to invest in Shares in the Company;
- Provide funds to pay the expenses of the Offer.

11.3 MINIMUM SUBSCRIPTION

The Minimum Subscription required for the Offer to proceed is A$10 million. If the Minimum Subscription is not obtained within 4 months after the date of this Prospectus, the Company will repay all Application Monies in full without interest as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Monies in full without interest.

11.4 LICENSED DEALERS

11.4.1 General Information

Offers under this Prospectus will be made pursuant to an arrangement between the Company and Ord Minnett Limited under Section 911A(2)(b) of the Corporations Act. The Company will only authorise Ord Minnett Limited to make offers to people to arrange for the issue of the Shares by the Company under the Prospectus and the Company will only issue the Shares in accordance with Applications made pursuant to such offers if they are accepted. The Company has entered into such an agreement with the Lead Manager as outlined in Section 12.3.

11.4.2 ASX Bookbuild Facility

The Lead Manager has appointed ASX Bookbuild to manage a portion of the Broker Firm Offer on its behalf as part of the Broker Firm Offer. Brokers wishing to apply through the ASX Bookbuild Facility will need to contact their Broker for more information.

The ASX Bookbuild Facility is an electronic bookbuild facility operated by ASX and is part of the ASX public market infrastructure and trading system. The ASX Bookbuild Facility provides a fair, transparent and efficient process for issuing new capital, with defined allocation rules.

All eligible investors will be able to bid for Shares offered under this Prospectus by participating in the ASX Bookbuild Facility via their Broker or the Lead Manager. Please contact your Broker in order to bid.

The Company will make announcements about the Bookbuild via the ASX announcements platform under the Company's ASX head stock code, MJP. These announcements are available on the ASX website, and will include the key parameters of the ASX Bookbuild. The Lead Manager will manage the Bookbuild on behalf of the Company.

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Brokers will be notified of allocations and any other relevant information by the Lead Manager on the closing of the Bookbuild. Where an Applicant receives an allocation of Shares as a result of a bid entered on their behalf via ASX BookBuild, the Applicant is obliged to subscribe for the number of Shares allocated to them.

All applications submitted via ASX BookBuild are automatically pooled and allocated by the system. If there is any scale-back, then all investor bids are treated equally and will be scaled pro rata. Subscriptions for the Minimum Allocation Amount (or which are at the Minimum Allocation Amount as a result of scale-back in the case of over-subscriptions) may be scaled to zero as a result of a time-priority allocation algorithm which is part of the facility.

Investors are encouraged to submit their bids early.

Further information about ASX BookBuild can be found on the ASX website. Settlement of the trades entered into the ASX BookBuild Facility shall take place DvP via the CHESS Primary Market Facility.

11.5 HOW DO I APPLY UNDER THE OFFER?

11.5.1 Who is Eligible to Participate in the Offer?

Who can apply for Shares under the Priority Offer?

The Priority Offer (which does not include the General Offer or Broker Firm Offer) is open to existing Martin Aircraft Company Limited shareholders and who have a registered address in Australia or New Zealand, and to investors who have Pre-registered for shares under this Offer via the pre-registration website before the pre-registration closing date of 27 October 2014.

Who can apply for Shares under the General Offer?

The General Offer (which does not include the Priority Offer or Broker Firm Offer) is open to Retail Applicants and Wholesale Applicants resident in Australia or New Zealand. The Company reserves the right in its absolute discretion to issue no Shares to Applicants under the General Offer. All Applicants under the General Offer must have an eligible residential address in Australia or New Zealand.

Who can apply under the Broker Firm Offer?

The Broker Firm Offer is open to Retail Applicants resident in Australia or New Zealand and to Wholesale Applicants in Australia, or New Zealand, who have received a firm allocation from their Broker.

Who can apply under the ASX BookBuild Offer?

The ASX BookBuild Offer is open to all eligible investors. Applicants wishing to apply via ASX BookBuild should contact their broker.

11.5.2 Completing and Returning Your Application

What is the minimum and maximum application under the Offer?

Applications must be for a minimum of 4,000 Shares (i.e. A$2,000 or NZ$2,200). Applications in excess of the minimum number of Shares must be in multiples of 1,000 Shares (i.e. A$500 or NZ$550).

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

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

How do I apply under the General Offer?

In order to apply for Shares under the General Offer, please complete the Application Form that is included in or accompanies this Prospectus (or a printed copy of the Application Form attached to the electronic version of the Prospectus) or apply online at www.martinjetpack.com/offer. Application Forms must be completed in accordance with the accompanying instructions.

Any Applicants applying online must personally complete the online Application Form and pay the Application Monies via BPAY® if applying in Australian dollars, or pay the Application Monies via direct debit if applying in New Zealand dollars. Application Forms completed online must not be completed by third parties, including authorised third parties (e.g. the Applicant's Broker).

For printed Applications, once completed, please lodge your Application Form and Application Monies so that it is received at the address of the Company's Share Registry set out below by the Closing Date.

By mail to:

In the case of Applicants applying from within Australia:

Martin Aircraft Company Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

In the case of Applicants applying from within New Zealand:

Martin Aircraft Company Limited
C/- Link Market Services Limited
PO Box 91976
Victoria Street West
Auckland 1142

How do I apply under the Broker Firm Offer?

If you are applying for Shares under the Broker Firm Offer, you should complete and lodge your Broker Firm Application Form

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with the Broker from whom you received your firm allocation. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation.

Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The allocation of Shares will be determined by the Company in consultation with the Lead Manager.

Shares that have been allocated to Brokers for allocation to their clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers.

It will be a matter for the Brokers how they allocate Shares among their clients, and they (and not the Company nor the Lead Managers) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Shares.

The Company, Registry and the Lead Manager take no responsibility for any acts or omissions by your Broker in connection with your Application, Application Form and Application Monies (including, without limitation, failure to submit Application Forms by the close of the Broker Firm Offer). Please contact your Broker if you have any questions.

How do I apply under the Priority Offer?

The Priority Offer is open to investors nominated by the Company. If you are a Priority Offer Applicant, you will receive an invitation to apply for Shares in the Priority Offer.

Priority Offer Applicants may apply for Shares online and must comply with the instructions on the website, www.martinjetpack.com/offer.

The Company otherwise has absolute discretion regarding the allocation of Shares to Applicants in the Priority Offer and may reject an Application, or allocate fewer Shares than the amount applied for, in its absolute discretion.

How do I apply under the ASX BookBuild Offer?

If you are applying for Shares under the ASX BookBuild Offer, please contact your broker, who will submit your bid into the ASX BookBuild Facility using the ASX code MJPXBB prior to the close of the ASX BookBuild offer period.

How to complete and attach your cheque for the Application Monies

Application Monies may be provided by BPAY® (see below), Direct Debit (see below), cheque(s) or bank draft(s).

Your Application Monies must be for Shares in either Australian dollars or New Zealand dollars. If you are applying for Shares with Australian currency, payment must be made in Australian dollars. If you are applying for Shares with New Zealand currency, payment must be made in New Zealand dollars.

Please choose only one of the following payment methods on the Application Form:

1. Paying your Application Monies by Cheque(s) or bank draft(s):

a) In Australian currency or New Zealand currency;

b) Drawn on an Australian or New Zealand branch of a financial institution;

c) Not post-dated as cheques will be banked on the day of receipt

d) Crossed 'Not Negotiable'; and made payable:

- for Applicants in the Priority or General Offer: to 'Martin Aircraft Share Offer; or
- for Applicants in the Broker Firm Offer: in accordance with the directions of the Broker from whom you have received a firm allocation.

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

2. Paying your Application Monies by BPAY®

Australian investors may apply for Shares online and pay their Application Monies by BPAY®. Australian investors wishing to pay by BPAY® should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.martinjetpack.com/offer and follow the instructions on the online Application Form which includes the Biller Code and your unique Customer Reference Number (CRN).

Any Applicants applying online must personally complete the online Application Form and pay the Application Monies. Application Forms completed online must not be completed by third parties, including authorised third parties (e.g. the Applicant's Broker).

You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian or New Zealand financial institution which supports BPAY® transactions.

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When completing your BPAY® payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN, your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the Closing Date.

Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY® before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

3. Paying your Application Monies by Direct Debit

New Zealand investors may apply for Shares online and pay their Application Monies by Direct Debit. New Zealand investors wishing to pay by Direct Debit should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.martinjetpack.com/offer and follow the instructions on the online Application Form (which includes completing instructions which authorises the Share Registry to direct debit the bank account nominated on the Application Form). The Direct Debit will occur on the day the Share Registry receives a completed Application Form. You cannot specify a direct debit date and you must ensure that:

- The bank account details supplied are correct;
- The application funds in the bank account for direct debit are available on the day the Share Registry receives the Application Form;
- The Applicant giving the direct debit instruction has/have the authority to operate the account solely/jointly; and
- The bank account you nominated is a transactional account eligible for direct debit transactions. If you are uncertain please contact your bank.

You must sign the Application Form as this is required as authorisation by the banks for the Share Registry to process the direct debit.

Should your direct debit fail, your Application will be rejected. If requested, a direct debit authority form will be provided to you by the Share Registry. Refer to the contact details on the Application Form.

11.5.3 Fees, Costs and Timing for Applications

When does the Offer open?

The Offer is expected to open for Applications on Tuesday, 4 November 2014. However, this may be delayed if ASIC extends the Exposure Period for the Prospectus.

What is the deadline to submit an Application under the Offer?

It is your responsibility to ensure that your Application Form and Application Monies are received by the Share Registry before 5.00pm (Sydney time) on the Closing Date for the Offer which is 28 November 2014.

Broker Firm Offer Applicants should return their applications in accordance with the deadline set out to them by their Broker. The Company and the Share Registry take no responsibility in respect of an Application Form or Application Monies which are delivered to your Broker in connection with your Application until such time as your Application Form and Application Monies are received by the Share Registry.

Is there any brokerage, commission or stamp duty payable by Applicants?

No stamp duty is payable by Applicants on the acquisition of Shares under the Offer.

What are the costs of the Offer and who is paying them?

The costs of the Offer include the legal, accounting, advisory and other costs associated with the production of the offering documentation. At the time of production of this Prospectus the costs payable by the Company are estimated to be A$2.46 million assuming the Minimum Subscription of A$10 million is achieved and A$3.48 million assuming the maximum subscription of A$25 million is achieved (in both cases assuming that 100% of the relevant subscription amount is raised under the Broker Firm Offer). The Company will pay these costs from the proceeds of the Offer.

11.5.4 Confirmation of Your Application and Trading on ASX

When will I receive confirmation whether my Application has been successful?

Applicants under the Priority or General Offer will be able to call the information line on 1800 095 654 (within Australia), 0800 767 556 (within New Zealand), or +61 1800 095 654 (International), between 8.30am and 5.30pm Sydney time, from 4 December 2014 to confirm their allocation.

Holding statements confirming Applicant's allocations under the Offer are expected to be sent to successful Applicants on or around 5 December 2014.

Is DvP settlement available?

Delivery versus Payment (DvP) settlement is available for Applicants under the Broker Firm Offer. Please contact your Broker for further details.

When will I receive my Shares and when can I trade my Shares?

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

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the Closing Date. Allotment is expected to occur on Thursday 4 December 2014.

Trading of the Shares on ASX is expected to commence on Monday 8 December 2014 on a normal T + 3 settlement basis.

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

Who do I contact if I have further queries during the Offer period?

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

If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the Share Registry Information Line on 1800 095 654 (within Australia), 0800 767 556 (within New Zealand), or +61 1800 095 654 (International).

11.6 ALLOCATION POLICY

The basis of allocation of Shares under the Offer will be determined by the Board in consultation with the Lead Manager, subject to any firm allocations under the Broker Firm Offer. Certain applicants, including those Applicants who have applied under the Priority Offer, Applicants that have pre-registered and nominated Applicants by the Company, will be given preference in the allotment of Shares ahead of any General Offer Applicant or Broker Firm Applicant.

It is currently expected that certain shareholders, directors and employees of the Company will be permitted to participate in the Offer.

In allocating the Shares, it is the intention of the Board to ensure that the Company has an adequate spread of Shareholders. The allocation of the Shares is at the absolute discretion of the Lead Manager (in consultation with the Company).

The Company reserves the right in its absolute discretion to not issue Shares to Applicants under the General Offer and may reject any Application or allocate a lesser number of Shares than those applied for at its absolute discretion.

11.7 APPLICATION MONIES

All Application Monies will be held by the Company on trust in a separate account until the Shares are issued to successful Applicants.

11.8 SHAREHOLDING STRUCTURE

A total of 161 shareholders presently hold 100% of the Shares in the Company. The Existing Shareholders are expected to hold approximately 77.8% of the total Shares on issue following Completion of the Offer based on the maximum subscription being raised. Figure 20 below illustrates the ownership structure of the Company before and after the Offer.

Figure 20: Shareholding Structure Pre-Offer Completion

If the Offer is fully subscribed, the total number of Shares on issue at the Completion of the Offer will be 225.28 million and all Shares will rank equally with each other. The Shares offered under this Prospectus will represent up to 22.2% of the Shares on issue on Completion of the Offer, assuming that the maximum number of Shares are issued under the Offer, being 50 million.

	OWNERSHIP OF THE COMPANY IMMEDIATELY PRIOR TO COMPLETION OF THE OFFER		INDICATIVE OWNERSHIP STRUCTURE OF THE COMPANY UPON COMPLETION OF THE OFFER	
SHAREHOLDER	**SHARES (MILLIONS)**	**%**	**SHARES (MILLIONS)**	**%**
No8 Ventures Nominees Ltd	51.44	29.3%	51.44	22.8%
Glenn Neil Martin	42.41	24.2%	42.41	18.8%
Stephen Paul John Matthews	14.02	8%	14.02	6.2%
The David Hunter Superannuation Fund	12.84	7.3%	12.84	5.7%
Other Existing Shareholders	54.57	31.2%	54.57	24.3%
New Shares to be issued under the Offer or at Completion of the Offer	-	-	50.00	22.2%
Total	**175.28**	**100.0%**	**225.28**	**100.0%**

Notes:

1. Any discrepancies between totals and sums of components in this table are due to rounding.
2. The table above does not include shares to be issued to Axstra Capital on successful completion of the Offer as part of the Lead Advisor remuneration described at Section 12.1
3. The table above does not include any shares that may be issued on the exercise of any of the outstanding options or warrants on issue
4. The table above assumes the Company issues the maximum number of Shares under the Offer, being 50 million. If the Company does not issue the maximum number of Shares then the total number of Shares on issue following the Offer will be reduced and the percentage of each person's holding will increase in proportion to the number of Shares actually issued.

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On Completion of the Offer, the Existing Shareholders will have no shareholders' agreement or other arrangements between them in respect of the Shares they hold. Some or all of the Shares held by the substantial shareholders listed above post IPO will be subject to restrictions contained in escrow arrangements described in Section 11.8.1.

11.8.1 ASX Restriction Agreements

In connection with the Company's application for admission to the Official List of ASX, ASX requires that all or part of the shares held by 69 Existing Shareholders post IPO will be subject to restrictions contained in escrow arrangements with the ASX. Those restriction agreements are in the standard form required by ASX.

Approximately 8.2 million shares are restricted for 12 months from their date of issue and these Shares will be progressively released from escrow over the next 12 months.

Approximately 66.5 million shares, including 42.7 million Shares held by the Directors, are restricted for 24 months from the date of admission of the Company to the Official List and these Shares will be released from escrow at the end of that period.

As at the date of this Prospectus the Company has obtained 61 of the Restriction Agreements from those shareholders. However, if the Company is unable to obtain all of the Restriction Agreements from the shareholders it may not be able to proceed with the listing on ASX, and the Offer will ultimately be withdrawn and proceeds returned.

11.8.2 Voluntary Escrow

In addition to the Restriction Agreements required by ASX, the Company has also sought and obtained from No. 8 Ventures a voluntary escrow of 51.44 million shares for the period of 12 months from the date of the Company's admission to the Official List. The voluntary escrow prohibits the disposal or encumbrance of the Shares during the escrow period, except in certain specific circumstances such as a takeover bid for the Company that has been accepted by 50% of shareholders, a scheme of arrangement involving the Company or a disposal that is required by law.

11.8.3 Potential Effect of the Offer on the Future of the Company

The Directors believe that on Completion of the Offer, the Company will have sufficient funds available from the cash proceeds of the Offer, and its operations, to fulfil the purposes of the Offer and meet its stated business objectives.

11.9 ASX LISTING, REGISTERS AND HOLDING STATEMENTS

11.9.1 ASX Listing

The Company will apply to ASX within 7 days of the date of this Prospectus for admission to the Official List and for its Shares to be granted official quotation by ASX. The Company is not currently seeking a listing of its Shares on any financial market other than ASX.

The fact that ASX may admit the Company to the Official List and grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for issue under the Offer. ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If ASX does not grant permission for the Shares to be quoted within 3 months after the date of this Prospectus, the Shares will not be issued and all Application Monies will be refunded (without interest) as soon as practicable.

11.9.2 Chess And Issuer Sponsored Holdings

The Company will apply to participate in the ASX's Clearing House Electronic Subregister System (CHESS) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHESS holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of

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a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

11.9.3 Restrictions on Distribution

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 and New Zealand. In particular, the Offer and sale of the Shares has not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and the Shares may not be offered or sold, directly or indirectly, in the United States.

- It understands that the Offer and sale of the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States other than under an exemption from such law and may not be offered, sold or resold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws;
- It is not in the United States;
- It has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- It will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or New Zealand except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

For further information, please refer to Section 13.6.

11.9.4 Takeovers Code

The Takeovers Code (New Zealand) prohibits, amongst other things, any person (together with its "associates" as defined in the Takeovers Code) from becoming the holder or controller of 20% or more of the voting rights in the Company other than in compliance with the requirements of the Takeovers Code. Investors are advised to seek legal advice in relation to any act, omission or circumstance which may result in that investor breaching any provision of the Takeovers Code. The Takeovers Code applies to the Company.

11.10 TAX IMPLICATIONS OF INVESTING IN THE COMPANY

The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

A summary of the Australian taxation implications of investing in the Company is set out in Section 9.12 and is based on current tax law and Australian Taxation Office rulings. The information in Section 9.12 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

A summary of the New Zealand taxation implications of investing in the Company is set out in Section 9.11 and is based on current tax law and New Zealand Inland Revenue rulings. The information in Section 9.11 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

SECTION

12.0

MATERIAL CONTRACTS



Martin Jetpack unmanned UAV prototype

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MATERIAL CONTRACTS

SECTION 12.0

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12.1 AGREEMENT WITH AXSTRA CAPITAL PTY LTD

The Company has entered into a contract with Axstra Capital (**Axstra**) for the provision of corporate advisory services in connection with the proposed IPO of the Company (**Axstra Contract**). Axstra's role is to provide corporate advice and services associated with the IPO and the Offer as Lead Advisor (**Axstra Services**). In exchange for the Axstra Services rendered, the Company will pay Axstra a management fee of 1% of the total capital raised under the Offer, and on completion of the Offer and listing on the ASX, the Company shall also allot to Axstra (or its nominees) for no cost, that number of fully paid ordinary shares equal to 1% of the post money market valuation of the Company (subject to certain nominated exclusions from the calculation) which make up the Transaction Fees (**Axstra Transaction Fees**). The Company is also required to pay Axstra for reasonable out of pocket expenses.

Axstra will provide the Axstra Services until the later of either 12th of March 2015 or the date of successful listing of the Company on the ASX. The Company may terminate the Axstra Contract at any time, with immediate effect, by giving Axstra notice in writing and paying Axstra a termination fee that is calculated on a sliding scale according to the date of termination.

The Company indemnifies Axstra from any claim arising out of any act or omission of Axstra in the course of providing the Services, subject to standard carve-outs in relation to claims or losses arising from a breach of the Axstra Contract by Axstra, negligence or misconduct.

12.2 CONTRACT FOR SERVICE WITH JOHN DIDDAMS

The Company has engaged John Diddams to manage the due diligence process associated with the IPO and the Offer and to assist with provision of the Axstra Services in conjunction with Axstra (**JD Services**). Mr Diddams is paid a monthly retainer of A$5,000 (excluding GST) up until the completion of the IPO for the JD Services and will be paid a success fee of $30,000 (excluding GST) on completion of the Offer. The Company is required to pay Mr Diddams a break fee of $30,000 if the Offer does not proceed, subject to the timing of that decision. The Company is also required to reimburse Mr Diddams for reasonable out of pocket expenses.

Axstra has separately engaged Mr Diddams to assist Axstra with provision of the Axstra Services. The Company understands that Mr Diddams and Axstra have agreed to an equity success fee, which is payable by Axstra to Mr Diddams (or his nominee), which is equal to 50% of the Axstra Transaction Fees (including the proposed share allotment) under the Axstra Contract.

Mr Diddams, as part of his mandate, was also appointed to act as a non-executive director of the Company and the chair of the due diligence committee. Mr Diddams is therefore also entitled to the same fees as any other Non-Executive Director of the Company, however he has waived the payment of these fees until after the completion of the IPO. The engagement of Mr Diddams may be terminated by either party for any reason by giving the other party at least one month's notice in writing or upon successful completion of the IPO and listing of the Company on the ASX. Such termination will not affect any rights of the parties accrued prior to termination and will cease on termination of the agreement for the provision of the JD Services, at which time Mr Diddams will continue as a Non-Executive Director under the same terms and conditions as other Non-Executive Directors.

12.3 AGREEMENT WITH ORD MINNETT LIMITED

The Company has entered into a contract with Ord Minnett Limited (**Ord**) for the provision of Lead Manager services for the Offer (**Ord Contract**). Ord's role is to facilitate the marketing, distribution and allocation of the shares of the Company under the Offer and assist in advising the Company in relation to the Offer (**Ord Services**). In exchange for the Ord Services rendered, the Company will pay Ord a management fee of 2.5% (excluding GST) of the total capital raised in the Offer and a selling fee of 2.0% (excluding GST) of the total amount raised through Ord's distribution networks or other distribution networks outside of Axstra.

The Company indemnifies Ord from any claim arising directly or indirectly from the provision of the Ord Services by Ord, the making of the Offer and issuing of the prospectus or breach of any law in connection with the Offer, subject to standard carve-outs in relation to claims or losses arising from a breach of the Ord Contract by Ord, negligence or misconduct.

In addition to the fees above, the Company has agreed to reimburse Ord for certain agreed costs and expenses, including legal expenses incurred by the Lead Manager in relation to the offer. Subject to completion of the Offer and the Listing, Ord will be appointed as an ongoing adviser on a monthly retainer of $7,500 (excluding GST).

12.4 AGREEMENT WITH MIRO CAPITAL

The Company has entered into a contract with Miro Capital Advisory Limited (**Miro**) for the provision of corporate advisory services (**Miro Contract**). Miro's role is to provide advisory and arrangement services associated with the Offer as they relate to the New Zealand market and investors (**Miro Services**). In exchange for the Miro Services rendered, the Company will pay Miro a commission of 0.9%of the value of the shares of the Company issued to investors under the Offer (**IPO Commission**), and a retainer fee of NZ$12,000 (excluding GST) per calendar month, 50% of which will be rebated against any IPO commission. The Company is also required to pay Miro for all reasonable out of pocket expenses.

The Miro Contract will terminate on the date that is twelve months following Miro's signing of the Miro Contract, being 12 June 2014. Otherwise, either party may terminate the Miro Contract on immediate written notice. The Company may be required to pay Miro certain termination fees calculated according to the date of termination and the status of the Offer.

The Company indemnifies Miro from any claim relating directly to Miro's engagement under the Miro contract, subject to standard carve-outs in relation to claims or losses arising from a breach of the Miro Contract by Miro, negligence or misconduct.

SECTION

13.0 ADDITIONAL INFORMATION

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Martin Jetpack pilot module

ADDITIONAL INFORMATION

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13.1 REGISTRATION

The Company was incorporated on 2nd April 1998 and is registered in New Zealand, company number 901393. The Company is registered to conduct business in Australia under ARBN **601 582 638**.

13.2 BALANCE DATE AND COMPANY TAX STATUS

The Company is a tax resident of New Zealand and not a tax resident of Australia. The proposed ASX listing in itself does not have a direct effect on the tax residency of the Company.

The financial statements of the Company will be prepared in accordance with New Zealand generally accepted accounting practice and in New Zealand dollars. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards as appropriate for profit-oriented entities. The financial statements of the Company will be made up to 30 June annually.

13.3 CURRENT CAPITAL STRUCTURE

The issued capital of the Company as at the date of this Prospectus is set out in the Figure below:

Figure 21: Capital Structure

CLASS OF SECURITY	NUMBER OF SECURITIES
Ordinary Shares	120,106,738
Convertible Preference Shares [1]	55,172,370
Warrants [2]	500,000
Options [3]	9,566,670
Total Shares	175,279,108

Notes:

1. Under their terms of issue, the convertible preference shares will automatically convert to ordinary shares upon the Listing.
2. As part of the terms of a loan drawn by the Company in 2012, 1,000,000 warrants were issued, of which 500,000 remain outstanding. The warrants are exercisable on or before 28 May 2015 at a price of NZ$0.20 per warrant. The warrants are held beneficially by D. Chapman and A. Lark.
3. For details of rights and liabilities attaching to Options see section 13.5.18.

13.4 APPLICABLE LAW

13.4.1 The Company is A New Zealand Company

The Company is a company incorporated in New Zealand and is principally governed by New Zealand law, rather than Australian law. In Australia, the Company is registered with ASIC as a foreign company. As the Company is not established in Australia, its general corporate activities (apart from any offering of securities in Australia and certain reporting obligations) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Companies Act, Securities Act, Securities Regulations, Securities Markets Act, Financial Markets Conduct Act and the New Zealand Financial Markets Authority and Registrar of Companies.

Set out below is information summarising key features of the laws that apply to the Company as a New Zealand company (under New Zealand law, including as modified by exemptions or waivers) compared with the laws that apply to Australian publically listed companies generally. It is important to note that this summary does not purport to be a complete review of all matters of New Zealand law applicable to the Company or all matters of Australian law applicable to Australian publically listed companies or to highlight all provisions that may differ from the equivalent provisions in Australia.

Unless otherwise stated, the Corporations Act provisions do not apply to the Company as a foreign company.

13.4.2 Transactions Requiring Shareholder Approval

The principal transactions or actions requiring shareholder approval under the Companies Act include the following: altering the constitution of the company, appointing or removing a director or auditor, 'major transactions', amalgamations, putting the company into liquidation and changes to the rights attached to shares. These are broadly comparable to the transactions for which shareholder approval is required under the Corporations Act. However the Corporations Act also requires shareholder approval for certain transactions affecting share capital (e.g. share buybacks and share capital reductions) and there is no shareholder approval requirement for 'major transactions' under the Corporations Act (although certain related party transactions require shareholder approval).

13.4.3 Shareholders' Right to Request A Meeting

The rights of shareholders to request a meeting under the Companies Act (shareholders holding shares carrying at least 5% of the voting rights may make such a request) are comparable to such rights under the Corporations Act. The Corporations Act also requires the board to call a general meeting on the request of at least 100 shareholders who are entitled to vote at a general meeting and shareholders with at least 5% of the votes that may be cast at the general meeting may also call and arrange to hold a general meeting at their own expense.

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13.4.4 Appointment of Proxies

Shareholders have the right to appoint a proxy to attend and vote at meetings on their behalf under the Companies Act and the Corporations Act.

13.4.5 Changing Rights Attaching to Shares

The Companies Act provides that a company must not take action that affects the rights attached to shares unless that action has been approved by a special resolution of each affected interest group. (An "interest group" in relation to an action or proposal affecting the rights attached to shares means a group of shareholders whose affected rights are identical and whose rights are affected by the action or proposal in the same way and who comprise the holders of one or more classes of shares in the company). Under the Corporations Act, if a company's constitution does not set out a procedure for varying or cancelling rights attached to shares in a certain asset class, such rights may only be varied or cancelled by special resolution of the members of that class or with written consent of members with at least 75% of the votes in that class.

13.4.6 Relief from Oppressive Conduct

Under the Companies Act, a shareholder or former shareholder of a company (or any other entitled person) who considers that the affairs of a company have been (or are being, or are likely to be) oppressive, unfairly discriminatory, or unfairly prejudicial to him or her, in any capacity, may apply to the court for relief. The court may, if it thinks it is just and equitable to do so, make such orders as it thinks fit. Shareholders also have statutory remedies under the Corporations Act for oppressive or unfair conduct of the company's affairs and the court can make any order as it sees appropriate.

13.4.7 Legal Proceedings on Behalf of the Company

Under the Companies Act, a court may, on application of a shareholder or director of a company, grant leave to that shareholder or director to bring proceedings in the name and on behalf of the company or any related company, or intervene in proceedings to which the company or any related company is a party, for the purpose of continuing, defending or discontinuing the proceedings on behalf of the company or related company.

Leave may only be granted if the court is satisfied that either the company or related company does not intend to bring, diligently continue or defend, or discontinue the proceedings, or it is in the interests of the company or related company that the conduct of the proceedings should not be left to the directors or to the determination of the shareholders as a whole. No proceedings brought by a shareholder or director or in which a shareholder or director intervenes with leave of the court (as described above) may be settled or compromised or discontinued without the approval of the court.

The position is broadly comparable under the Corporations Act.

13.4.8 "Two Strikes" Equivalent

There is no equivalent of a "two strikes" rule in relation to remuneration reports in New Zealand. New Zealand companies are not required to publish remuneration reports so shareholders necessarily cannot vote on them. There is, however, an obligation to state in the company's annual report, in respect of each director or former director of the company, the total of the remuneration and the value of other benefits received by that director or former director from the company during the relevant accounting period and, in respect of employees or former employees of the company who received remuneration and any other benefits in their capacity as employees during the relevant accounting period, the value of which was or exceeded NZ$100,000 per annum, the number of such employees, stated in bands of NZ$10,000.

13.4.9 Takeovers

The New Zealand position under the Takeovers Code is broadly comparable to the Australian position in relation to the regulation of takeovers. A 20% threshold applies (under which a person is prevented from increasing the percentage of voting rights held or controlled by them in excess of that threshold or from becoming the holder or controller of an increased percentage of voting rights if they already hold or control more than 20% of the voting rights), subject to certain "compliance options" (including full and partial offers, 5% creep over 12 months in the 50% to 90% range, and acquisitions with shareholder approval). Compulsory acquisitions are permitted by persons who hold or control 90% or more of voting rights in a company.

Shareholders holding more than 5% of the Company's issued share capital will need to lodge a substantial shareholder notice with the Company and ASX.

Note: where it is noted that New Zealand law contains comparable provisions to those existing under Australian law, and vice versa, it is emphasized that the summary only attempts to provide general guidance, and the detailed provisions may contain differences and may also be subject to differing interpretation by Australian and New Zealand courts.

13.5 CAPITAL STRUCTURE FOLLOWING THE OFFER

13.5.1 Capital Structure Post-Offer Completion

As at the Allotment Date, the issued share capital of the Company will comprise the following:

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Figure 22: Capital Structure Post-Offer Completion*

CLASS OF SECURITY	NUMBER OF SHARES BASED ON MINIMUM SUBSCRIPTION	FULLY DILUTED	NUMBER OF SHARES BASED ON MAXIMUM SUBSCRIPTION	FULLY DILUTED
Shares	195,279,108	205,345,778	225,279,108	235,345,778
Warrants	500,000	Nil	500,000	Nil
Options	9,566,670	Nil	9,566,670	Nil

*The table above does not include shares to be issued to Axstra Capital on successful completion of the Offer as part of the Lead Advisor remuneration described at Section 12.1.

13.5.2 Rights and Liabilities Attaching to Shares

Immediately after issue and allotment, the Shares will be fully paid Shares and the Shares will rank paripassu with the Shares currently on issue.

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

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

13.5.3 Voting at a General Meeting

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

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

13.5.4 Meetings of Members

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

13.5.5 Dividends

Currently the Company does not pay dividends. The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment.

13.5.6 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the Listing Rules or the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or, subject to compliance with the Listing Rules and the ASX Settlement Operating Rules, by any other form approved by the Directors.

The Board may refuse to register a transfer of Shares where permitted to do so under the Companies Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Companies Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

13.5.7 Issue of Further Shares

Subject to the Companies Act, the Listing Rules, and the Constitution, the Directors may issue and allot, or dispose, of Shares on terms determined from time to time by the Directors at an offer price that the Directors determine from time to time. The Directors' power under the Constitution includes the power to grant options and performance rights over unissued Shares.

13.5.8 Winding Up

Without prejudice to the rights of the holders of Shares issued on special terms and conditions, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind all or any of the Company's assets; and for that purpose, determine how it will carry out the division between the different classes of Shareholders, but the liquidator may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability.

13.5.9 Non-marketable Parcels

The Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

13.5.10 Share Buy-backs

Subject to the Companies Act and the ASX Listing Rules, the Company may buy Shares on terms and at times determined by the Board.

13.5.11 Variation of Class Rights

On Listing, the Company's only class of shares on issue will be ordinary shares. The rights attached to any class of shares may be varied in accordance with the Companies Act.

13.5.12 Dividend Reinvestment Plan

The Directors may resolve, in respect of any dividend which it is proposed to pay on any Shares, that holders of those Shares may elect to forego their right to share in the proposed dividend

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or part of the proposed dividend; and instead receive an issue of Shares credited as fully paid or a transfer of fully paid Shares (or both). The Directors have no current intention to establish a dividend reinvestment plan.

13.5.13 Directors – Appointment and Rotation

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is fixed by the Directors but may not be more than eight (plus any Managing Director) unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the Managing Director) holds office without re-election beyond the third annual meeting following the meeting at which the Director was last elected. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual meeting of the Company.

13.5.14 Directors – Voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting does not have a casting vote.

13.5.15 Directors – Remuneration

The Directors, other than an executive Director, will be paid by way of fees for services up to the maximum aggregate sum per annum as may be approved from time to time by the Company in general meeting. The current maximum aggregate sum per annum is NZ$400,000, with the initial remuneration of the Directors set out in Section 8.3.2. Any change to that maximum aggregate sum needs to be approved by Shareholders. Under the Constitution, non-executive Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

13.5.16 Indemnities

The Company, to the extent permitted by law, indemnifies each Director and Company Secretary against any liability incurred by that person as an officer of the Company or its subsidiaries, and reasonable legal costs incurred by that person in defending an action for a liability of that person. The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person. The Company may enter into a deed with any officer of the Company to give effect to those matters outlined in this paragraph.

The Company, to the extent permitted by law, may pay a premium for a contract insuring a person who is or has been a Director against liability incurred by that person as a Director.

13.5.17 Amendment

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

The Company must give at least 10 business days' written notice of a general meeting of the Company.

13.5.18 Rights and Liabilities Attaching to the Options

The following is a summary of the rights and liabilities attaching to the options on issue. The options are issued under the terms of the Company's employee option scheme.

Offers

The Board may offer Options to an existing or prospective director or employee of the Company, or a person who has a service relationship or service contract with the Company or any of its subsidiaries (Participant). An offer will specify the number of Options to be granted to the Participant; the exercise period; and the exercise price. Acceptance of an offer must be made to the Board within 15 business days after the date of the offer. The Board will create and issue Options and provide a certificate for the Options as soon as practicable.

Exercise

An Option may be exercised on any business day during the period specified in an offer of an Option (Exercise Period), by giving the Board a notice specifying the Options being exercised, together with payment of the aggregate exercise price and the Option certificate.

If the Board considers that the exercise would give rise to a breach of the Company's constitution; the listing and/or other rules of any stock exchange on which the securities of the Company are quoted; or any statute or regulation (a Breach) then such exercise will not be valid.

Lapse

An Option will lapse immediately if a Participant ceases to be a director, an employee, or in a service relationship with the Company during the Exercise Period. The Board may vary this at its discretion in special circumstances.

If a Participant is summarily dismissed, their Options will immediately lapse.

An Option will lapse immediately if all outstanding ordinary shares in the Company are acquired under the compulsory acquisition provisions of the Company's constitution during

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the Exercise Period. Depending whether consideration for the acquisition is by cash, shares or securities, or a combination of both, the Company will, within 20 business days after the acquisition, pay a Participant an amount equivalent to the value paid for each ordinary share in the Company less the exercise price of the Option.

Reconstruction

The Board may adjust the exercise price or the number of shares to be received on the exercise of the Options if there is any consolidation, subdivision, bonus issue, cancellation, redemption or acquisition by the Company or any other rearrangement or reconstruction whatever of the ordinary shares in the Company which changes the proportionate interest of an ordinary share in the Company, or the Company amalgamates with another company. Any adjustment will be consistent with the benefits conferred on the Company's shareholders.

No transfer or dealing with interests

An Option may not be transferred, assigned, pledged or be the subject of a mortgage, lien, charge, security interest or other encumbrance.

Cancellation

The Board may cancel an Option for the fair value of the Option, to be determined by the Board after receipt of valuation advice.

Offer to all shareholders

During the Exercise Period if a person offers to acquire all of the ordinary shares in the Company, any unvested Options will lapse. Holders of vested Options may participate in any offer to all shareholders. Notice will be given so that holders of Options can exercise their Options prior to the sale or they may elect to net settle.

Amendment and Termination

The Board may amend the terms of the Options if it considers the interests of Participants are not materially prejudiced, or with prior written consent of Participants holding at least 75% of Options on issue.

The Board may amend or terminate the Scheme to avoid giving rise to a Breach.

13.5.19 Deeds of Indemnity, Insurance and Access

The Company has entered into deeds of indemnity, insurance and access (the **Deeds**) with each Director which confirms each Director's right of access to certain books and records of the Company for a period of seven years after the Director ceases to hold office.

This seven year period may be extended where certain proceedings or investigations commence before that seven year period expires.

Under the Constitution, the Company may indemnify each person who is or has been a Director or secretary of the Company against certain liabilities incurred by that person as a Director or secretary of the Company. Under the Deeds, the Company indemnifies each Director against any and all 'Liabilities' (as that term is defined in the Deeds) incurred by the Director as an officer of the Company (or a controlled entity of the Company) and any and all reasonable 'Legal Costs' (as that term is defined in the Deeds) incurred by the Director in defending an action for a 'Liability' (as that term is defined in the Deeds) incurred by the Director as an officer of the Company (or a controlled entity of the Company). The Deeds stipulate that the indemnities are unlimited as to amount, continuing and irrevocable.

13.5.20 Costs of the Offer

The total estimated expenses of the Offer payable by the Company, including the Authorised Intermediary's fees and Lead Managers' fees, accounting and tax fees, legal fees, lodgement fees, ASX listing fees, fees for other advisers, prospectus design, printing, advertising and other miscellaneous expenses (including taxes and other government charges), will range from approximately NZ$2.46 million (assuming A$10 million is raised under the Offer) to NZ$3.48 million (assuming A$25 million is raised under the Offer),. These costs are payable by the Company.

13.5.21 Consents and Disclaimers

Each of the parties who are named below:

- Has not made any statement that is included in this Prospectus, or any statement on which a statement is made in this Prospectus is based, other than as specified in this Section;
- Has not authorised or caused the issue of any part of this Prospectus;
- Makes no representations or warranty, express or implied, as to the fairness, accuracy or completeness of information contained in this Prospectus; and
- To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements made in, or omissions from, this Prospectus, other than as specified in this Section, and excludes and disclaims all liability for any damage, loss (including direct, indirect or consequential loss), cost or expense that may be incurred by an investor as a result of this Prospectus being inaccurate or incomplete in any way or for any reason.

13.5.22 New Zealand Legal Adviser

Bell Gully has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the New Zealand legal advisers to the Offer, in the form and context in which it is named.

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13.5.23 Australian Legal Adviser

Norton Rose Fulbright has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Australian legal advisers to the Offer, in the form and context in which it is named.

13.5.24 Auditor and Tax Adviser

Pricewaterhouse Coopers New Zealand has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the auditor and New Zealand tax adviser to the Company, in the form and context in which it is named.

13.5.25 Investigating Accountant

Pricewaterhouse Coopers Securities Ltd has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Investigating Accountant in connection with the Offer and to the inclusion of the Investing Accountant's report on the historical and pro forma financial information in the form and context in which it appears in Section 9.8.

13.5.26 Lead Manager

Ord Minnett Limited has given, and as at the time of lodgement of this Prospectus, has not withdrawn their consent to be named in the Prospectus as the Lead Manager to the Offer, in the form and context in which they are named respectively.

13.5.27 Lead Advisor

Axstra Capital Pty Ltd has given, and as at the time of lodgement of this Prospectus, has not withdrawn their consent to be named in the Prospectus as the Lead Advisor to the Offer, in the form and context in which they are named respectively.

13.5.28 IP Attorneys

PL Berry & Associates has given, and as at the time of lodgement of this Prospectus, has not withdrawn their consent to be named in the Prospectus as the Lead Advisor to the Offer, in the form and context in which they are named respectively.

13.5.29 Share Registry

Link Market Services has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Share Registry of the Company, in the form and context in which it is named.

Link Market Services has had no involvement in the preparation of any part of the Prospectus other than being named as the Company's Share Registry. Link Market Services has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

13.5.30 ASX Waiver

The Company has applied for and obtained waivers and confirmations from ASX which are standard for a New Zealand company listed on the ASX (including confirmation the ASX will allow accounts denominated in New Zealand dollars).

13.5.31 Litigation and Claims

To the knowledge of the Directors, there is no material current, pending or threatened litigation with which the Company is directly or indirectly involved.

The Directors do, however, note the following as described in the notes to the financial statements:

- In 2010 the Company entered into a Joint Venture Agreement with the 27th Research Institute of China Electronic Technology Corporation (No 27) for the establishment of a Joint Venture Company to manufacture and sell Jetpacks in China, Hong Kong, and Macau. In January 2012 a business license was granted to the Company called Haiying Sino-New Zealand Special Aircraft Manufacture Company Limited whose shareholders are The 27th Research Institute of China Electronic Technology Corporation and the Company. The Joint Venture Company held its first board meeting in May 2012.

  Under the terms of the Joint Venture Agreement No 27 made a USD $460,000 payment to the Company to enable the Company to set up the joint venture in return for certain materials. The Company has provided such materials in accordance with the Joint Venture Agreement. In October 2013 No 27 informed the Company that they would be terminating the Joint Venture and dissolving the Joint Venture Company. No 27 sought repayment of the USD $460,000 payment.

  No27 were of the opinion that the Joint Venture was not set up and therefore the payment should be returned. The Company takes a different view based on legal advice.

  No27 are progressing the disestablishment of the Joint Venture while no longer referencing the return of the USD$460,000. Accordingly, no provision for the repayment of these funds has been made in the financial statements of the Company.

- The Board authorised Mr David Hunter (a former Director of the Company) in December 2012 to investigate the potential establishment of the Jetpack Experience in Australia. There is a difference of opinion about the level of personal involvement expected. The Company considers that the agreement was that any costs incurred would be recovered through the contract with the proposed partner. However, it is not clear how the sunk costs of Mr Hunter, if a Jetpack Experience was not set up successfully, would be recovered. No provision has been made in the financial statements of the Company in respect of any potential liability at this time.

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13.5.32 Investor Considerations

Before deciding to participate in this Offer, you should consider whether the Securities to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Offer will vary between Investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

13.5.33 Working Capital Statement

The Directors believe that, on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

13.5.34 Governing Law

This Prospectus, the Offer and the contracts formed on acceptance of Applications under the Offer are governed by the laws in force in the State of New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

13.6 FOREIGN SELLING RESTRICTIONS

Foreign Selling Restrictions

No action has been taken to register or qualify the Shares that are the subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia and New Zealand. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

13.6.1 New Zealand Investors

a) This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

b) This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.

c) There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

d) The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

f) The taxation treatment of Australian securities is not the same as for New Zealand securities.

g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

h) The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

i) If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

j) If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

13.6.2 European Economic Area

The information in this Prospectus has been prepared on the basis that all offers of Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Member States of the European Economic Area (each, a Relevant Member State), from the requirement to produce a Prospectus for offers of securities.

An offer to the public of Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- To legal entities which are authorised or regulated to operate in the financial markets, including: credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, collective investment schemes and their management companies, pension funds and their management companies, commodity dealers,

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as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities;

- To any legal entity categorised as a per se professional client in that it satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- To any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "**MiFID**"); or
- To any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

13.6.3 Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under Articles. 652a of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**) and the offer of Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (**CISA**). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

This Prospectus is personal to the recipient only and not for general circulation in Switzerland.

13.6.4 United Kingdom

For the purposes of investors in the UK, this Prospectus is being made to and directed at only (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **FPO**); or (ii) persons falling within Article 49(2)(a) to (d) of the FPO (high net worth companies, unincorporated associations etc), or to those persons to whom it can otherwise lawfully be distributed (all such persons together being referred to as **Relevant Persons**). This Prospectus must not be acted upon by persons who are not Relevant Persons. Any recipient of this Prospectus who is not a Relevant Person should return it to the Company immediately and take no other action.

13.6.5 Hong Kong

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

This Prospectus has not been registered by the Registrar of Companies in Hong Kong pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) of the Laws of Hong Kong ("**CWMO**").

Accordingly: (i) the Shares may not be offered or sold in Hong Kong by means of any Prospectus other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong ("**SFO**") and any rules made under the SFO, or in other circumstances which do not result in the Prospectus being a "Prospectus" as defined in Section 2(1) of the CWMO or which do not constitute an offer to the public within the meaning of the CWMO or an invitation to the public within the meaning of the SFO; and (ii) this Prospectus must not be issued, circulated or distributed in Hong Kong other than (1) to "professional investors" as defined in the SFO and any rules made under the SFO, (2) to persons and in circumstances which do not result in this Prospectus being a "Prospectus" as defined in Section 2(1) of the CWMO or which do not constitute an offer to the public within the meaning of the CWMO or an invitation to the public within the meaning of the SFO or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFO and CWMO.

13.6.6 Singapore

This Prospectus 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 Prospectus and any other Prospectus 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 (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are (i) an "institutional investor" under Section 274 of the SFA; or (ii) a "relevant person" pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and, in each case, in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the

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SFA. By accepting this Prospectus, you (i) represent and warrant that you are either an institutional investor as defined under Section 4A (1) (c) of the SFA, a relevant person as defined under Section 275(2) of the SFA or persons to whom an offer is being made, as referred to in Section 275(1A) of the SFA; and (ii) agree to be bound by the disclaimers, limitations and restrictions described herein. In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately.

You may not forward or circulate this Prospectus 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.

13.6.7 China

The information in this Prospectus does not constitute a public offer of the Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than to qualified investors in China. Such "qualified investors" may include "qualified domestic institutional investors" as approved by competent Chinese regulatory authorities and other investors who have obtained requisite regulatory approvals and/or conducted required registrations for outbound investment in accordance with the applicable Chinese laws and regulations.

13.6.8 Japan

The Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (**FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated there under). Accordingly, the Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Shares is conditional upon the execution of an agreement to that effect.

13.6.9 United States of America

This Prospectus has been prepared for publication in Australia and New Zealand and may not be released or distributed in the United States. This Prospectus 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 of 1933 (as amended) 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.

13.6.10 India

This Prospectus is for information purposes only and does not constitute an offer or invitation for any investment or subscription for the Shares in India. Any person who is in possession of this Prospectus is hereby notified that no action has been or will be taken that would allow an offering of the Shares to the public in India and neither this Prospectus nor any offering material relating to the Shares has been and/or will be registered as a Prospectus or a statement in lieu of Prospectus with any Registrar of Companies under the Companies Act, 2013 in India or the Securities and Exchange Board of India for prior review or approval. This Prospectus has not been and will not be reviewed or approved by, or submitted for registration to, any regulatory authority in India, including the Securities and Exchange Board of India, any Registrar of Companies under the Companies Act, 2013 in India or any stock exchange in India. Other than in compliance with the private placement exemptions under the applicable laws and regulations in India, including the Companies Act, 2013, as amended, the Shares have not been, and will not be, offered or sold to the public or any member of the public in India. This Prospectus is strictly personal to the recipient and neither this Prospectus nor the offering of the Shares is calculated to result, directly or indirectly, in the Shares becoming available for subscription or purchase by persons other than those receiving the invitation or offer under this Prospectus. Accordingly, the Shares may not be offered, sold, transferred or delivered and neither this Prospectus nor any offering material relating to the Shares may be distributed or made available (in whole or in part) in India, directly or indirectly in connection with any offer or invitation for any Investment or subscription for the Shares in India.

Investors should ensure that they invest within the limits permitted by the Reserve Bank of India or the Securities and Exchange Board of India or any other applicable regulator.

13.6.11 Other Jurisdictions

The Offer Shares may not be offered or sold in any other jurisdiction except to persons to whom such offer or sale is permitted under applicable law.

13.7 STATEMENT OF DIRECTORS

Each Director has authorised the issue of this Prospectus and consented, and has not withdrawn their consent, to the lodgement of this Prospectus with ASIC.

SECTION

14.0 INTELLECTUAL PROPERTY REPORT

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P.L. BERRY & Associates

Patent Attorneys

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SENIOR ASSOCIATES:
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V. Nichols - BSc(Hons), ME (Elec.), LLB, FNZIPA

Registered Patent Attorneys, NZ & Australia

TECHNICAL ASSISTANT:
K. Jackson – BSc(Hons) (Life Sciences)

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15B Byron Street,
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Postal:-
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New Zealand.

Martin Aircraft Company Limited
46 Curries Road
Hillsborough
CHRISTCHURCH 8022

24 October 2014

Dear Directors,

RE: INTELLECTUAL PROPERTY COVERAGE
Our ref: 15876

I **attach** a schedule of your Intellectual Property (Patent and Trade Mark) protection, arranged on a country by country basis; I have omitted any reference to your patents on the Control System, since this system of control is now superseded and the patents will not be maintained in force. Please note that the pending applications are listed separately.

The overall policy with IP protection (and in particular patent protection) has been to protect first of all the basic principles of the jetpack, and secondly any important novel features in any of the later designs of the jetpack, by means of patent protection in the target countries of: Australia, Brazil, Canada, China, Eurasia, Europe, India, Israel, Japan, New Zealand, South Africa, South Korea and USA.

Please note that the Eurasian patent covers approximately the territories which formed the former Soviet Union; a European patent application eventually becomes individual national patents in the EU countries.

There is nothing unexpected in the fact that patents have not yet been granted in Brazil, Canada, Europe and India:- all of these countries are extremely slow to process patent applications at present.

Protection of the jetpack training system was sought only in a relatively small number of countries (USA, Europe and New Zealand), simply because these were the areas in which it was most likely that the training system would have substantial commercial value.

The policy of a careful review of all improvements made, to ensure that a decision is made on whether or not a patent application should be filed before there is any publicity for that design, was put in place in the very early days of Martin Aircraft Limited, and has been rigorously maintained since then.

The fact that patents have been granted on the jetpack and on the jetpack cooling design in a wide range of countries means that both of these inventions have been searched repeatedly:- each country carries out an independent prior art search, and in addition, since the applications were filed through the International PCT System, there has also been a centralised International search carried out. In all cases, the patent claims as granted are considered by the Examiners concerned to clearly distinguish between the invention the subject of the patent and any prior proposals for similar equipment.

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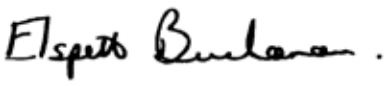
In connection with the searches, I mention that it is our routine practice to consider any prior patents cited by patent Examiners during examination and to consider possible infringement of these patents as well as their relevance as prior publications. So far, we are not aware of any of the cited prior patents which constitute a possible infringement risk.

There has been only one occasion when accusations of patent infringement have been made:- when the first jetpack prototype was exhibited at Osh Kosh in August 2008, Trek Aerospace, who own US patent 6488232 contacted us to express their concern at possible infringement of their patent. I immediately replied and I was able to point out to them that all of the claims relating to the invention of 6488232 were limited to tilting fans to achieve steering, and such a feature was specifically excluded from the Martin design. The President of Trek Aerospace replied the next day, confirming that their concerns had been put to rest, and the topic has never resurfaced.

I am not aware of any potentially infringing devices being advertised or marketed.

To summarise, I believe that the present patent policy being followed by Martin Aircraft, if continued, will provide sound and comprehensive protection not only for the basic jetpack device but also for the various improvements to that device which are made as the design develops.

Yours faithfully,
P.L. BERRY & ASSOCIATES,



E.V. Buchanan

EVB:JT

We confirm that in accordance with the requirements of the Code of Conduct for Patent and Trade Marks Attorneys 2013, the correspondence above has been prepared by or on behalf of a Registered Patent Attorney having appropriate competency. Further information regarding the qualifications and experience of all of our professional staff can be found on our website http://plberry.co.nz/about/ or provided on request.

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Date: 24 October 2014 Schedule of Martin Aircraft – All patents/patent applications/trade marks

REGISTRATIONS

File no.	IP Type	Title/Trade mark	Country	Registration no.	Filing date	Annuities due	Registration Date	Expiry date
14880	Patent	Propulsion device incorporating radiator cooling passage	Australia	2009263090	13 May 2009	Next renewal fee due 13 May 2015	Registration date 12 December 2013	13 May 2029
13676	Patent	Propulsion Device	Australia	2006219141	24 February 2006	24 February 2015	Registration date 15 August 2013	24 February 2026
14598	Trade mark	 Class 12	China	8071128	11 February 2010	Next renewal fee due 6 March 2021	Registration date 7 March 2011	Not applicable
13683	Patent	Propulsion Device	China	200680007137.3	24 February 2006	Next renewal fee due 24 February 2015	Registration date 14 October 2009	24 February 2026
13682	Patent	Propulsion Device	Eurasia	012396	24 February 2006	Next renewal fee due 24 February 2015	Registration date 30 October 2009	24 February 2026
14877	Patent	Propulsion device incorporating radiator cooling passage	Eurasia	019604	13 May 2009	Next renewal fee due 13 June 2015	Registration date 11 December 2013	13 May 2029
13685	Patent	Propulsion Device	Israel	185465	24 February 2006	Next renewal fee due 24 February 2016	Registration date 31 March 2011	24 February 2026
13681	Patent	Propulsion Device	Japan	5224823	24 February	Next	Registration date	24 February 2026

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File no.	IP Type	Title/Trade mark	Country	Registration no.	Filing date	Annuities due	Registration Date	Expiry date
					2006	renewal fee due 22 March 2016	22 March 2013	
14883	Patent	Propulsion device incorporating radiator cooling passage	Japan	5510872	13 May 2009	Next renewal due 4 April 2017	Registration date 4 April 2014	13 May 2029
14331	Trade mark	 Classes 9, 12, 25, 28, 41	New Zealand	805422	22 April 2009	Next renewal fee due 22 April 2019	Registered.	Not applicable
13773	Trade mark	 Class 12	New Zealand	777858	16 October 2007	Next renewal fee due 16 October 2017	Registered.	Not applicable
13774	Trade mark	MACJET in class 12	New Zealand	777859	16 October 2007	Next renewal fee due 16 October 2017	Registered.	Not applicable
14421	Trade mark	MARTIN JETPACK Class 41	New Zealand	809372	13 July 2009	Next renewal fee due 13 July 2019	Registered.	Not applicable
13776	Trade mark	MARTIN JETPACK in class 12	New Zealand	777861	16 October 2007	Next renewal fee due 16 October 2017	Registered.	Not applicable
6841	Patent	Propulsion Device	New Zealand	538630	4 March 2005	Fees paid to expiry	Registration date 7 June 2007	24 February 2026

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File no.	IP Type	Title/Trade mark	Country	Registration no.	Filing date	Annuities due	Registration Date	Expiry date
14043	Patent	Propulsion device incorporating radiator cooling passage	New Zealand	569455	27 June 2008	Fees paid to expiry	Registration date 11 February 2010	13 May 2029
14420	Patent	Training system	New Zealand	578511	20 July 2009	Fees paid to expiry	Registration date 5 April 2011	15 July 2030
13772	Trade mark	VMAC in classes 7 and 12	New Zealand	777857	16 October 2007	Next renewal fee due 16 October 2017	Registered.	Not applicable
14885	Patent	Propulsion device incorporating radiator cooling passage	South Africa	2011/00593	13 May 2009	Next renewal fee due 13 May 2015	Granted 28 September 2011	13 May 2029
12810	Patent	Propulsion Device	USA	7484697	26 October 2005	Next renewal 3 August 2016	Registration date 3 February 2009	20 November 2025
14874	Patent	Propulsion device incorporating radiator cooling passage	USA	8,608,103	13 May 2009	Next renewal due 17 June 2017	Registered 17 December 2013	26 May 2030

PENDING APPLICATIONS

File no.	IP Type	Title	Country	Application no.	Filing date	Request Examination	Annuities due	Comments	Expiry date
13678	Patent	Propulsion Device	Brazil	PI0609185-7	24 February 2006	Examination requested 2009	Next renewal fee 24 February 2015	Awaiting examination	24 February 2026
14879	Patent	Propulsion device incorporating radiator cooling passage	Brazil	PI 0914967-8	13 May 2009	Request has been filed	Yes – first fee due 13 May 2015	Awaiting Examination	13 May 2029
13677	Patent	Propulsion Device	Canada	2599342	24 February 2006	Requested on 31 January 2011	Next renewal fee 24 February 2015	Under examination. Last response filed 1 February 2013	24 February 2026
14875	Patent	Propulsion device incorporating radiator cooling passage	Canada	2731205	13 May 2009	Yes – already filed	Next renewal fee due 13 May 2015	Accepted; should issue soon.	13 May 2029
13679	Patent	Propulsion Device	Europe	06716806.2	24 February 2006		Next renewal fee 28 February 2015	Response to search report filed June 2013, application will proceed to full examination	24 February 2026
15207	Patent	Training system	Europe	10802017.3	15 July 2010		Next renewal fee due 31 July 2014	Awaiting search report	15 July 2030
14878	Patent	Propulsion device	Europe	09770442.3	13 May 2009	Yes – this was	Next renewal	Awaiting examination report	13 May 2029

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File no.	IP Type	Title	Country	Application no.	Filing date	Request Examination	Annuities due	Comments	Expiry date
		incorporating radiator cooling passage				necessary at filing and has been done	fee due 31 May 2015		
13684	Patent	Propulsion Device	India	3865/CHENP/2007	24 February 2006	Examination requested 2009	Not until grant	Under examination	24 February 2026
14882	Patent	Propulsion device incorporating radiator cooling passage	India	514/DELNP/2011	13 May 2009	Request for examination filed 24 May 2012	No renewal fees payable until grant	Awaiting examination	13 May 2029
14881	Patent	Propulsion device incorporating radiator cooling passage	Israel	209906	13 May 2009	No – Examined automatically	No renewal fees payable until grant	Accepted, awaiting grant	13 May 2029
13680	Patent	Propulsion Device	South Korea	10-2007-7020102	24 February 2006		Not until grant	Appeal successful, referred for re-examination	24 February 2026
14884	Patent	Propulsion device incorporating radiator cooling passage	South Korea	10-2011-7002139	13 May 2009	Requested.	No renewal fees payable until grant	Awaiting examination.	13 May 2029
15203	Patent	Training system	USA	13/383833	15 July 2010		No renewal fees payable until grant	Under examination	At least 15 July 2030 (not able to be determined until grant)

SECTION

15.0 GLOSSARY

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Martin Jetpack flight controls

GLOSSARY

SECTION 15.0

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The following terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	DEFINITION
AEST	Australian Eastern Standard Time
Allotment Date	The date the Company anticipates the Shares will be allotted and issued to Applicants
Applicant	A person who makes an Application for Shares under this Prospectus
Application	An application to subscribe for Shares under this Prospectus
Application Form	An application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
Application Amount or Application Monies	The relevant amount accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
ASX or Australian Securities Exchange	ASX Limited (ACN 008 624 691) or the financial market it operates, as the context requires
ASX Bookbuild	The automated on-market bookbuild facility operated by the ASX
ASX Listing Rules	The official listing rules of ASX as amended or waived from time to time
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement as amended from time to time, except to the extent of any express written waiver by ASX Settlement
AUD$/A$	Australian dollars
Board or Board of Directors	The board of directors of the Company
Closing Date	28 November 2014
Companies Act	The New Zealand Companies Act 1993
Company or MACL	Martin Aircraft Company Limited, New Zealand company number 901393
Completion of the Offer	The completion of the Offer, being the date upon which Shares are issued or transferred to Successful Applicants in accordance with the terms of the Offer
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 (Cth) as amended from time to time

GLOSSARY

SECTION 15.0

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TERM	DEFINITION
Directors	The directors of the Company
Existing Shares	The Shares held by existing shareholders as at the Prospectus Date
Financial Markets Conduct Act	The New Zealand Financial Markets Conduct Act 2013
IFRS	The International Financial Reporting Standards
Institutional Investor	An investor to whom offers in respect of Shares can be made without the need for a disclosure document (or other formality, other than a formality which the Company is willing to comply with)), including in Australia persons to whom offers or invitations can be made without the need for a disclosure document under Section 708 of the Corporations Act
IPO	Initial public offering
Lead Advisor	Axstra Capital Pty Ltd
Lead Manager	Ord Minnett Limited
Listing	Admission of the Company to the Official List and quotation of the Shares on the ASX
Maximum Subscription	The Shares that may be issued under the Prospectus to raise a maximum of A$25 million
Minimum Subscription	The Shares that may be issued under the Prospectus to raise a minimum of A$10 million
New Shares	The new Shares to be issued by the Company under the Offer
Offer	The offer of new Shares under this Prospectus
Offer Period	The period during which investors may subscribe for Shares under the Offer
Offer Price	A$0.50 per Share / NZ$0.55 per Share
Official List	The Official List of the ASX
Official Quotation	Official quotation of shares by ASX
Opening Date	9.00am AEST on 4 November 2014
Prospectus	This document (including the electronic copy of this prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The date on which a copy of this Prospectus was lodged with ASIC, being 27 October 2014
Retail Investors	Investors who do not qualify as Institutional Investors under Section 708 of the Corporations Act

GLOSSARY

SECTION 15.0

TERM	DEFINITION
Securities	The Shares offered pursuant to this Prospectus
Securities Act	The New Zealand Securities Act 1978
Securities Markets Act	The New Zealand Securities Markets Act 1988
Securities Regulations	The New Zealand Securities Regulations 2009 made pursuant to the Securities Act
Share	A fully paid ordinary share in the capital of the Company
Share Registry	Link Market Services Limited
Shareholder	A person registered from time to time on the Company's register of Shares as a holder of one or more Shares
Subscription Amount	The amount of money payable by an Applicant for New Shares
Successful Applicant	An Applicant who is issued Shares under the Offer
Takeovers Code	The New Zealand Takeovers Code as set out in the Takeovers Code Approval Order 2000
US Persons	The meaning given to such term by Regulation S under the United States Securities Act of 1933, as amended

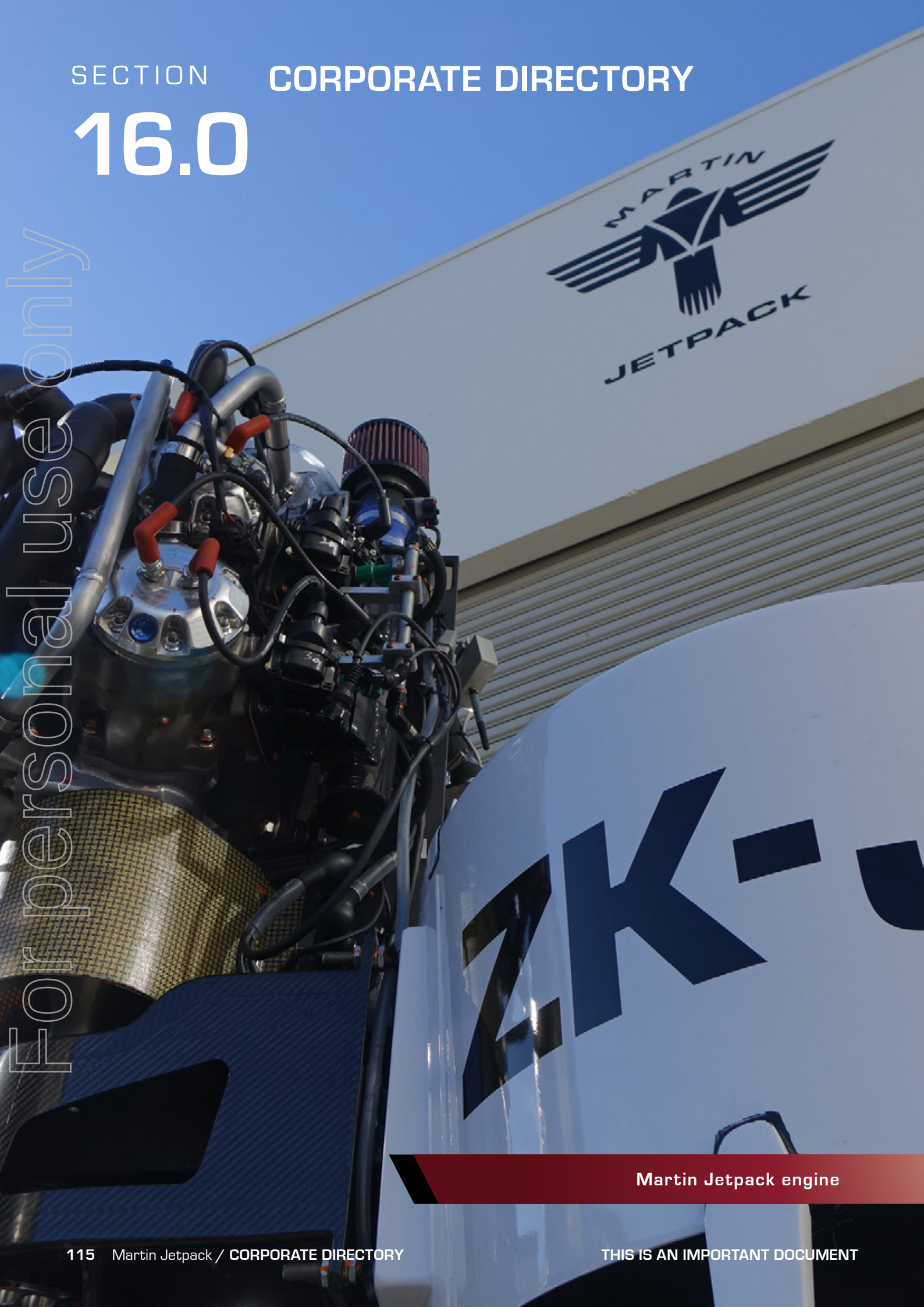
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CORPORATE DIRECTORY

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Martin Jetpack engine

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CORPORATE DIRECTORY

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The Company	Martin Aircraft Company Limited 39 Ballarat Way, Wigram Christchurch 8042 New Zealand Ph: +64 3 377 8584 Website: www.martinjetpack.com
Board of Directors	Jon Mayson – Non Executive Chairman Glenn Martin – Founder, Non-Executive Director Peter Coker – CEO & Managing Director Jenny Morel – Non Executive Director John Diddams – Non Executive Director Steve Bayliss – Non Executive Director
ASX Code	MJP
Lead Manager	Ord Minnett Limited Level 8, NAB House 255 George Street, Sydney NSW 2000
Lead Advisor	Axstra Capital Pty Ltd 204/66 King St, Sydney NSW Australia 2000
Legal Advisor (Australia)	Norton Rose Fulbright Australia Level 18, Grosvenor Place, 225 George Street Sydney NSW 2000
Legal Advisor (New Zealand)	Bell Gully Level 21, 171 Featherston Street Wellington 6140 New Zealand
Corporate Advisor (New Zealand)	Miro Capital Advisory Limited PO Box 10261 Dominion Rd, Auckland 1446 New Zealand
Investigating Accountant	PricewaterhouseCoopers Securities Ltd Darling Park Tower 2 201 Sussex Street, Sydney NSW 2000
Auditor and Tax Adviser	PricewaterhouseCoopers New Zealand 5 Sir Gil Simpson Drive Canterbury Technology Park Christchurch 8053 New Zealand
Share Registry (Australia)	Link Market Services Limited Level 12, 680 George St, Sydney NSW 2000
Share Registry (New Zealand)	Link Market Services Limited Level 7, Zurich House, 21 Queen Street Auckland 1010
Offer Information Line	Australia 1800 095 654 New Zealand 0800 767 556 International +61 1800 095 654

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APPLICATION FORMS

For preparation



Martin Jetpack Simulator

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APPLICATION FORMS