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MADER

Prospectus

For the initial public offering of 50,000,000 Shares

IMPORTANT INFORMATION

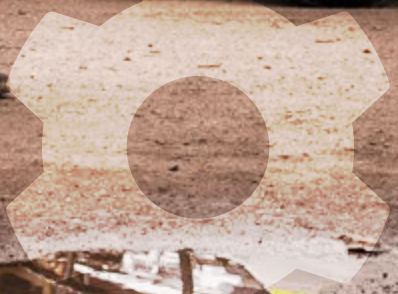
This document is important and should be read in its entirety.

If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

LEAD MANAGER AND UNDERWRITER OF THE OFFER


BELL POTTER

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1.0 *Important Information*



1.1 Important Information

The Offer contained in this Prospectus is an invitation to acquire Shares in the Company. This Prospectus is issued by the Company and SaleCo.

This Prospectus is dated 16 August 2019 and was lodged with the ASIC on that date. The ASX, ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is that date which is 13 months after the date this Prospectus was lodged with the ASIC. No Shares may be transferred or issued on the basis of this Prospectus after that date.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary before deciding whether to invest. Please refer to Section 10 for details relating to risk factors that could affect the financial performance and assets of the Company.

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

Application will be made to ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

Persons wishing to apply for Shares pursuant to the Offer must do so by completing the applicable Application Form accompanied by or accessible with a copy of this Prospectus in accordance with an Offer invitation sent to investors. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by SaleCo, the Company or the Directors in relation to the Offer. You should only rely on information in this Prospectus.

Bell Potter Securities Limited has acted as Lead Manager and Underwriter of the Offer. Bell Potter Securities Limited has not authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by them or by any of its affiliates, officers or employees. To the maximum extent permitted by law, Bell Potter Securities Limited and its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for; any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

1.2 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.madergroup.com.au/investors. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access this Prospectus from within Australia or as otherwise permitted in Section 1.3.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to, or accompanied by, the complete unaltered version of the Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus with the relevant Application Forms. If you have not, please contact the Company on +61 8 9353 3393 between 9.00am and 5.00pm

(WST) Monday to Friday (excluding public holidays) and they will send you, at no cost, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.madergroup.com.au/investors.

SaleCo, the Company and the Lead Manager reserve the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

1.3 Overseas Applicants

The offer of Shares made pursuant to this Prospectus is not made to persons to whom, or places in which, it would be unlawful to make such an offer of Shares. No action has been taken to register or qualify the Offer under this Prospectus or otherwise permit the Offer to be made in any jurisdiction outside of Australia except to the extent permitted below.

HONG KONG

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO").

No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted

to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

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

NEW ZEALAND

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

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

1.4 Forward Looking Statements

This Prospectus may contain forward looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

While the Company and SaleCo consider the expectations reflected in any forward looking

statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Section 10, as well as other matters not yet known to the Company or SaleCo, or not currently considered material to the Company or SaleCo, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

1.5 Privacy

If you complete an Application for Shares, you will be providing personal information to SaleCo and the Company. SaleCo and the Company collect, hold and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that the Company and SaleCo holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in the Corporate Directory.

Collection, maintenance and disclosure of certain personal information is governed by legislation

including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company and SaleCo may not be able to accept or process your Application.

1.6 Photographs and Diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Prospectus.

1.7 Company Website

The Company maintains a website at www.madergroup.com.au. Any references to documents included on the Company's website are for convenience only, and information contained in or otherwise accessible through this or a related website is not a part of this Prospectus.

1.8 Definitions

A number of defined terms are used in this Prospectus. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 16, words and phrases in this Prospectus have the same meaning and interpretation as in the Corporations Act or Listing Rules.



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2.0 *Corporate Directory*

DIRECTORS

Luke Mader	(Executive Director)
Patrick Conway	(Executive Director)
James (Jim) Walker	(Non-Executive Chairman)
Craig Burton	(Non-Executive Director)
Justin Nuich	(Non-Executive Director)

COMPANY SECRETARY

Shannon Coates

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite A1, Hkew Alpha Building
2 George Wiencke Drive
Perth Airport WA 6105

INVESTIGATING ACCOUNTANT

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

LEAD MANAGER AND UNDERWRITER

Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

SHARE REGISTRY*

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone (within Aus): 1300 850 505
Telephone (outside Aus): +61 3 9415 4000

LAWYERS

GTP Legal
68 Aberdeen Street
Northbridge WA 6003

COMPANY WEBSITE

www.madergroup.com.au

PROPOSED ASX CODE

MAD

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

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3.0 *Key Information and Indicative Timetable*

DESCRIPTION	VALUE/NUMBER
Offer Price	\$1.00
Number of Shares on issue	200 million
Shares to be sold under the Retail Offer and the Institutional Offer	46.7 million – 50 million
Shares to be sold under the Employee Offer	Up to 3.3 million
Employee Offer Price	\$0.90
Amount to be raised for Existing Shareholders	\$49.7 million - \$50 million
Total number of Shares on issue on completion of the Offer ¹	200 million
Shares held by Existing Shareholders on completion of the Offer	150 million
Indicative market capitalisation ²	\$200 million
Indicative Enterprise Value ³	\$228.34 million
Enterprise Value/pro forma forecast FY2020 EBITDA ^{3,4}	6.7x
Offer Price/adjusted pro forma forecast FY2020 NPAT per share ^{2,4}	10.4x
Annualised forecast FY2020 dividend yield at the Offer Price ^{2,4}	3%

INDICATIVE TIMETABLE	DATE
Lodgement of this Prospectus with ASIC	16 August 2019
Opening Date for the Offer	23 August 2019
Closing Date for the Offer	12 September 2019
Transfer of Shares under the Offer	20 September 2019
Dispatch of holding statements	23 September 2019
Expected date for Official Quotation on the ASX	26 September 2019

The above dates are indicative only and may change without notice. The Company, SaleCo and the Lead Manager reserve the right to extend the Closing Date or close the Offer early without notice.

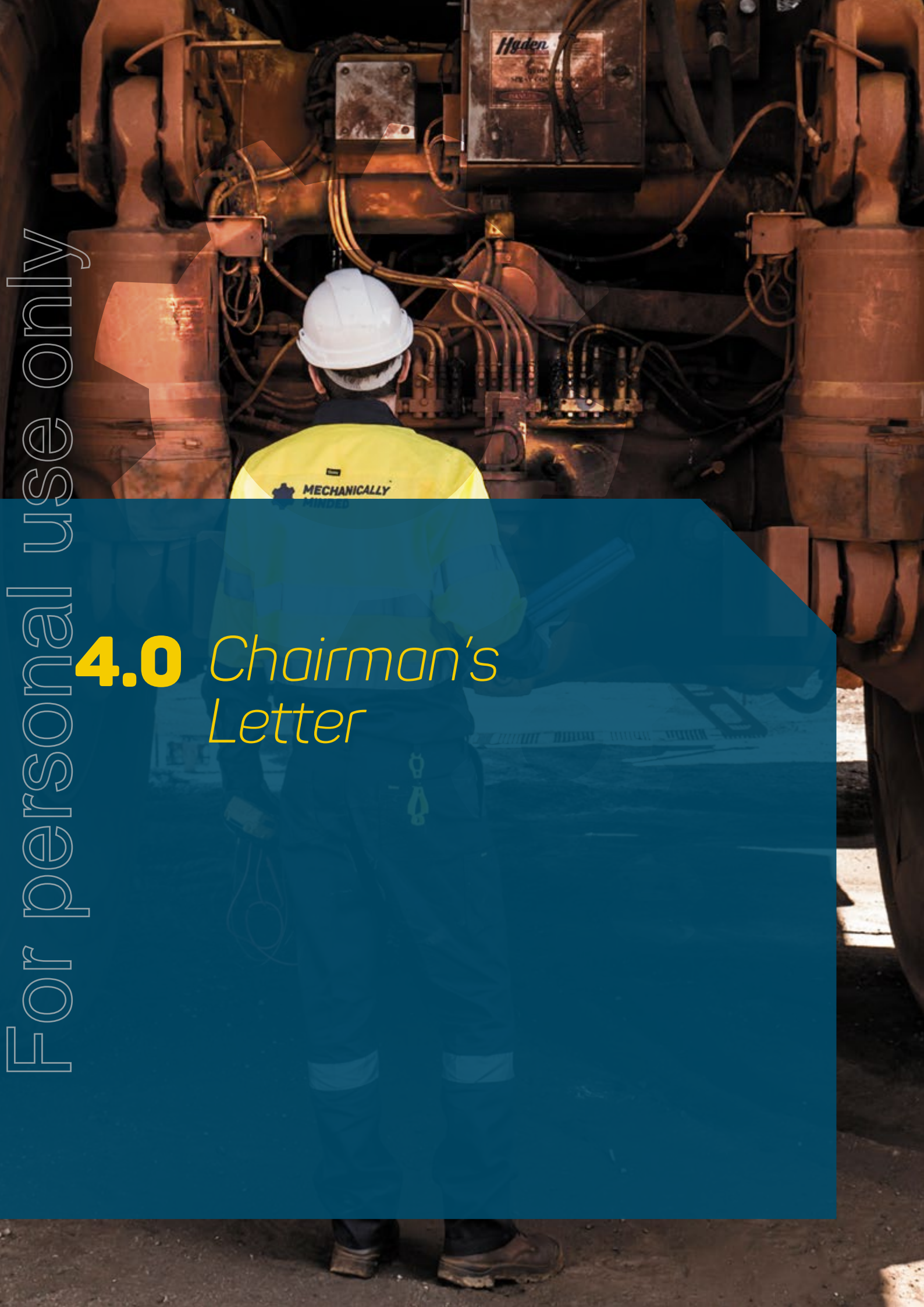
¹ Under the Company Offer the Company may also issue up to 1,000 Shares, which if issued, would take the total number of Shares on completion of the Offer to 200,001,000.

² Indicative market capitalisation is determined by the Offer Price of \$1.00 per Share multiplied by the total number of Shares at completion of the Offer.

³ Enterprise Value is the sum of the market capitalisation of the Company at the Offer Price of \$1.00 per Share and pro forma adjusted net debt as at 31 December 2018 (see Section 9 for further details).

⁴ The Forecast Financial Information is based on assumptions and accounting policies set out in Section 9 and is subject to the key risks set out in Section 10. There is no guarantee that forecasts will be achieved. Certain Financial Information included in this Prospectus is described as pro forma for the reasons described in Section 9.

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4.0 *Chairman's Letter*

Dear Investor,

On behalf of the Board of the Company, it is my pleasure to invite you to read this Prospectus and consider the opportunity to become a Shareholder in the Company.

The business of the Mader Group is to provide skilled tradespeople on flexible terms to support and improve the mobile equipment maintenance programs of mining companies, leading to improved mobile equipment availability. The tradespeople are provided by the Mader Group as specialised contract labour from an in-house pool of skilled employees.

The Mader Group is the largest independent maintenance labour service provider for heavy mobile equipment in Australia (outside of the original equipment manufacturers). It first began operating in 2005 and in 14 years has grown to over 1,100 employees and approximately \$220 million in revenue in FY2019.

The Mader Group's well established and leading position in the maintenance services sector allows it to service a broad and expanding global network of customers. It now operates in over 15 regions across 8 countries. In FY2019 it provided approximately 2.3 million hours of maintenance labour services to over 200 customers.

The Mader Group has long standing, recurring relationships with its top tier customer base. These relationships are built on quality of service and a focus by the Mader Group on its people, culture and reputation. The Mader Group offers a transparent, flexible and inclusive workplace environment enabling it to attract and retain high-quality tradespeople.

Many years of investment by the Mader Group in its people and culture, scheduling systems, recruiting and retention systems, training systems and other business infrastructure lays the foundation for future organic growth and underpins its competitive advantages.

The Mader Group has a demonstrated history of sustained revenue and earnings growth. Over the last 6 years to the end of FY2019, through organic growth alone, revenue increased an average of 37% per year and NPAT an average of 28% per year.

The relatively low capital intensity of the business has enabled the payment of dividends at the same time as achieving growth. Up until 31 December 2018, the Mader Group generated approximately \$54.3 million of earnings and paid out approximately \$19 million of dividends, representing a pay out ratio of approximately 35%. Over this time no external equity capital has been raised.

Positive industry thematics support the future demand for the Mader Group's services, including a trend for mining equipment to be used longer, the aging of mining equipment purchased during the last boom, and an economy-wide growth trend in labour outsourcing services.

The Mader Group's core leadership team, led by the founder Luke Mader, comprises former tradespeople who know the industry well and have long standing customer relationships. They are complemented by senior executives experienced in business and financial management.

The Offer under this Prospectus is a secondary sale by Existing Shareholders (through SaleCo) of 50 million Shares. The Existing Shareholders are selling a portion of their Shares to partly realise their investment in the Company and to ensure an adequate free float, shareholder spread and liquidity after the listing on ASX. The Mader Group is not seeking to, and does not need to, raise capital to meet the stated objectives in this Prospectus.

The Shares being sold under the Offer represent 25% of the total of 200 million Shares on issue on completion of the Offer. The remaining 150 million Shares on issue will be subject to voluntary escrow restrictions until 31 October 2020.

The Offer comprises the Retail Offer, Institutional Offer and Employee Offer. The Offer Price for the Retail Offer and the Institutional Offer is \$1.00 per Share. There is a smaller Employee Offer which is designed to encourage share ownership by the Mader Group's leadership team and employees. The Employee Offer Price is \$0.90 per Share.

This Prospectus contains detailed information about the Offer, the industry in which the Mader Group operates, its business operations, and its historical and forecast financial performance. The Mader Group is subject to a range of risks both within and outside of its control, including risks associated with the Mader Group's culture, quality of work and delivery and reputation, OH&S, a downturn in the resources industry, loss of key personnel, and Mader's large casual workforce and changes in industrial relations policy or labour laws which are discussed in detail in Section 10. Before making your decision to invest, I ask that you carefully read this Prospectus and seek professional advice if required.

I am very pleased to be working as Chairman of the Mader Group, an established, well-run business with strong growth prospects and industry thematic. On behalf of my fellow directors and the Mader Group team we look forward to welcoming you as a Shareholder.

Yours faithfully



JIM WALKER
Non-Executive Chairman

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Mader Shutdowns Team

5.0 *Investment Overview*

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

5.1 Introduction

WHO IS THE MADER GROUP?

SECTION 7

The Mader Group is a maintenance services company that supplies skilled tradespersons to resource industry customers on flexible arrangements. The Mader Group first began operating in 2005 and in 14 years has grown to over 1,100 employees and approximately \$220 million in revenue in FY2019.

WHAT DOES THE MADER GROUP DO?

SECTION 7

The Mader Group provides specialised contract labour for maintenance of heavy mobile equipment in the resources industry from an in-house pool of skilled employees. The services provided include maintenance labour, field support (on-site labour with support vehicles and tools), shutdown maintenance teams (for major overhauls), maintenance workshops, training of maintenance teams, and a range of other ancillary services.

WHAT IS THE OFFER?

SECTION 12

The Offer is the sale by Existing Shareholders (through SaleCo) of 50,000,000 Shares to enable an initial public offering of the Company.

The Offer Price for the Retail Offer and the Institutional Offer is \$1.00 per Share. The Employee Offer Price (for employees only) is \$0.90 per Share.

Shares being sold under the Offer will represent 25% of the total Shares on issue on completion of the Offer. The balance of Shares held by Existing Shareholders (representing 75% of the Shares on issue) will be subject to voluntary escrow until 31 October 2020.

5.2 Mader Group Overview

WHAT IS THE MADER GROUP'S BUSINESS MODEL?

SECTIONS 7.8 AND 7.11

The Mader Group's business model is to provide skilled tradespeople on flexible terms to support and improve its customers' maintenance programs leading to improved availability of heavy mobile equipment.

HOW DOES THE MADER GROUP GENERATE REVENUE?

SECTION 7.8

The Mader Group generates the majority of its revenue by providing various types of contract labour services at an hourly rate per tradesperson provided. These payments are either made under service agreements, at previously agreed hourly rates or, in a minority of cases, on an ad hoc basis.

WHAT INDUSTRY / SECTORS DOES THE MADER GROUP OPERATE IN?

SECTION 6

The Mader Group provides maintenance services to the resources industry, specifically in heavy mobile equipment maintenance. The key drivers of demand for these maintenance services include:

- total commodity production (more production means more machine stock);
- the average age of existing machinery stock (older machines means more maintenance); and
- the extent to which mining companies outsource maintenance workforce requirements.

WHERE DOES THE MADER GROUP OPERATE?

SECTION 7.1

The Mader Group operates in Australia, the USA, Mongolia, Zambia, Mauritania, Senegal, Democratic Republic of Congo and Chile, with approximately 88% of the Mader Group's revenue for FY2019 received from operations in Australia and approximately 12% received from overseas operations.

The Mader Group is headquartered in Perth, has regional offices in Kalgoorlie (WA), Mackay (QLD), Hunter Valley (NSW), Hong Kong, Ulaanbaatar (Mongolia), Solwezi (Zambia) and Denver (USA) and off-site workshops in Perth and Mackay.

WHO ARE THE MADER GROUP'S CUSTOMERS?

SECTIONS 7.12

Mader Group provides services for operators in the resources industry. Customers include BHP (WA Iron Ore, Nickel West, Olympic Dam, BHP Mitsubishi Alliance, BHP Mitsui Coal), Rio Tinto, Fortescue Metals Group, Citic Pacific Mining, FQM

Mining, Oyu Tolgoi (RIO), Macmahon Holdings, Newmont Mining, Barmingo, Peabody Energy, Thiess and Barrick Gold. In FY2018 approximately 42% of the Mader Group's revenue was derived from five key customers and approximately 62% from the top 10 customers.

5.3 Mader Group Financial Information

WHAT IS THE MADER GROUP'S KEY FINANCIAL INFORMATION AND KEY FINANCIAL RATIOS?

SECTION 9

The Mader Group's pro forma historical financial information and forecast financial information is summarised in the table below.

CURRENCY: A\$'000	HISTORICAL		FORECAST	
	FY2017	FY2018	FY2019 ¹	FY2020
Revenue	99,252	156,208	226,221	279,176
Adjusted pro forma net profit for the year ²	5,822	10,974	15,062	19,310
EBIT ³	8,440	15,551	22,176	28,097
EBITDA ³	10,174	18,603	25,927	33,836

Key financial ratios:

Enterprise Value/pro forma forecast FY2020 EBITDA	6.7x
Offer Price/pro forma forecast FY2020 NPAT per share	10.4x
Annualised forecast FY2020 dividend yield at the Offer Price	3%

Key financial leverage ratios:

Adjusted pro forma net debt/pro forma FY2020 forecast EBITDA	0.8x
Pro forma FY2020 forecast EBITDA/pro forma FY2020 interest expense	29.7x
Pro forma FY2020 forecast EBIT/pro forma FY2020 interest expense	24.7x

See Section 9 for more information.

HISTORY OF ORGANIC GROWTH AND YIELD

SECTION 9

In the 14 years since establishment, the Mader Group has pursued organic growth only with no corporate acquisitions and no external capital raised.

The relatively low capital intensity of the business has enabled a combination of strong organic growth and the contemporaneous payment of dividends.

From inception to December 2018, the Mader Group generated approximately \$54.3 million in retained earnings and paid \$19 million in dividends, representing a pay-out ratio of approximately 35%.

WHAT IS THE MADER GROUP'S DIVIDEND POLICY?

SECTION 12.13

It is the intention of the Board to pay a dividend to Shareholders of between 25% and 50% of NPAT, franked to the maximum extent possible.

The payment of a dividend by the Company is at the discretion of the Board and will be a function of numerous factors including the general business environment, the operating results and financial condition of the Mader Group, future funding requirements, capital management activities, taxation considerations, and any contractual, legal or regulatory restrictions on the payment of dividends by the Company.

¹ Forecast financial performance for FY2019 comprises of actual financial performance for the 10 months ended 30 April 2019 (6 months reviewed by BDO and 4-month management financials) and forecast financial information for May and June 2019.

² Adjusted pro forma net profit for the year includes tax effected adjustments for Public Company Costs, one-off Offer Costs and the impact of AASB 16.

³ Net profit key performance indicators are based on net profit for the year after expensing of Offer Costs.

No assurance can be given about the payment of any dividend or distribution, or the level of franking on any such dividend.

WHEN WILL THE FIRST DIVIDEND BE PAID?

SECTION 12.13

The forecast dividend for FY2020 is 3 cents per Share, representing an annualised dividend yield of 3%. This is anticipated to be paid as follows:

- an interim dividend of 1.5 cents per Share payable in March 2020; and
- a final dividend of 1.5 cents per Share payable in September 2020.

Dividends for FY2020 are expected to be fully franked.

It is the intention of the Board to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year (other than the full financial year ending 30 June 2019).

5.4 Summary of Key Strengths

WELL ESTABLISHED AND LEADING POSITION IN THE INDUSTRY

SECTION 7.4

The Mader Group is the largest contract labour service provider for heavy mobile equipment maintenance in Australia outside of original equipment manufacturers (OEMs).

The Mader Group's well established and leading position in the maintenance services sector allows it to service a broad and expanding global network of customers.

The Mader Group now operates in over 15 regions across 8 countries in Australia, East Asia, Africa, South America and the USA. In FY2019 the Mader Group provided approximately 2.3 million hours of specialised contract labour services to over 200 customers.

LARGE IN-HOUSE POOL OF SKILLED EMPLOYEES

SECTION 7.6

Over the past 14 years, the Mader Group has built a large and highly skilled pool of employees. The Mader

Group now has over 1,100 employees with a range of specialised capabilities who are deployed in teams to meet customer workforce requirements.

TRACK RECORD OF PROFITABILITY AND GROWTH

SECTION 7.3

The Mader Group has a demonstrated history of sustained organic growth in revenue and profit. Over the period FY2014 to FY2019¹ (6 years) the Mader Group achieved average year-on-year revenue growth of 37% and NPAT growth of 28%.

Many years of investment by the Mader Group in its people and culture, business infrastructure, scheduling systems, and recruiting and retention systems has laid the foundation for future organic growth.

CONTRACTED LABOUR SUPPORTED BY MACRO TRENDS

SECTION 6.2

Economy-wide growth in demand for labour outsourcing services has been driven by:

- difficulties of directly employing and retaining staff with all the appropriate skill sets;
- fluctuating requirements for specialist labour, especially in maintenance;
- businesses seeking flexibility in operating costs due to business or market uncertainty;
- increased regulation, complexity and compliance costs associated with direct employment; and
- employees seeking variety and flexibility of employment.

ATTRACTIVE INDUSTRY PROFILE

SECTION 6.2

Industry thematics support the future demand for the Mader Group's services, including:

- ongoing production growth forecast in key commodities;
- a trend for mining equipment to be used longer before replacement; and
- the aging of mining equipment purchased during the period of peak capital investment in 2011-2012.

¹ Comprises actual financial performance for 10 months to 30 April 2019 and forecast financial information for May and June 2019.

COMPETITIVE POSITION

SECTION 7.10

The Mader Group believes it has a unique competitive position in the market. The Mader Group believes it differs from its competitors in its combination of:

- Value – generally better value than OEMs;
- Quality – high quality tradespeople supported by experienced leadership teams;
- Flexibility – large in-house pool of skilled employees with the ability to support multiple services and equipment brands; and
- Capacity – higher in-house capacity than competitors, including rapid response capability.

LONG STANDING CUSTOMER RELATIONSHIPS

SECTION 7.12

The Mader Group has long standing, recurring relationships with its top tier customer base developed over an extended period of time. These relationships are built on quality of service and a focus by the Mader Group on its people, culture and reputation.

CLEAR GROWTH STRATEGY

SECTION 7.11

The Mader Group has a history of strong organic growth which is expected to continue. The growth strategy includes:

- taking advantage of an expected ongoing increase in maintenance spending in the resources industry;
- continuing to replicate its business model in new geographies with large addressable markets, including its recent entry into the USA and Chile; and
- ongoing expansion of the range of services it provides.

STRONG LEADERSHIP TEAM

SECTIONS 8.1, 8.2 AND 8.8

The Mader Group's core leadership team, led by the founder Luke Mader, comprises former tradespeople who know the industry well and have long standing customer relationships. They are complemented by senior executives experienced in business and financial management.

The Mader Group has a well-established profit share bonus scheme for its leadership team.

HIGHLY MOTIVATED BUSINESS UNITS

SECTION 7.6

The Mader Group splits its operations into separate business units (divisions) which operate with a degree of autonomy and with separate profit and loss accounts. Each division's leadership team shares in a profit pool with key performance indicators comprising divisional profit, safety and staff retention.

PEOPLE AND CULTURE

SECTIONS 7.6 AND 7.10

The Mader Group's strong industry reputation is built on the quality of its skilled employees. It has established a strong and unique culture, including:

- a transparent, inclusive workplace environment;
- workplace and lifestyle flexibility;
- career progression including paid training and upskilling;
- pathways to global and interstate career opportunities;
- empowered, responsible and results driven;
- team spirit and comradery; and
- bonus structures and reward schemes.

STRONG SAFETY FOCUS

SECTION 7.13

The Mader Group has a strong commitment to the health, safety and wellbeing of its employees. The Mader Group's TRIFR at 30 June 2019 was 5.4. Health and safety processes are continuously reviewed and improved to meet the needs of workplace changes.

5.5 Summary of Key Risks

WHAT ARE THE KEY INVESTMENT RISKS?

SECTION 10

The key risks of investing in the Company are set out below. These risks are not exhaustive. Refer to Section 10 for further details of specific risks and general investment risks.

Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

CULTURE

SECTION 10.1(a)

The Mader Group's ability to retain and attract new employees is heavily dependent on its existing company culture. A negative change in the Mader Group's culture, or the perception that such change has occurred, may adversely impact the Mader Group's ability to retain its existing workforce and recruit suitable and qualified new employees. As the Mader Group is reliant on its workforce to service its customers, any adverse impacts to the Mader Group's workforce may have a negative impact on the Mader Group's business operations and growth prospects.

QUALITY OF WORK AND DELIVERY

SECTION 10.1(b)

A key part to the Mader Group's business is its ability to provide high quality services at competitive prices and its ability to consistently deliver the services required by its customers in a timely manner. While the Mader Group has a strong record of executing on these core principles and has initiatives in place to ensure that these core deliverables continue, there is no guarantee the Mader Group will always meet customer expectations and any such failures, or perceived failures, may have a materially adverse impact on the Mader Group's reputation and financial performance.

REPUTATION

SECTION 10.1(c)

The Mader Group has developed a strong reputation in the Mader name and relies on this to establish and maintain relationships with its customers. There is a risk that any event by which the Mader Group suffers a loss of reputation may result in damage to the Mader brand and may impact on the Mader Group's ability to retain existing customers and build new customer relationships.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

SECTION 10.1(d)

Site safety and occupational health and safety outcomes are a critical element in the reputation of the Mader Group and its ability to retain and be awarded new contracts in the resources industry.

While the Mader Group has a strong commitment to achieving a safe performance on site and a strong record in achieving safety performance, a serious site safety incident could impact upon the reputation and financial outcomes for the Mader Group.

DOWNTURN IN THE RESOURCES INDUSTRY

SECTION 10.1(e)

The Mader Group's revenue and growth may be susceptible to a downturn in the resources industry. The resources industry is influenced by many economic and political factors which are outside the control of the Mader Group, including confidence in the global economy, global economic growth, international demand, supply levels and commodity prices. Any prolonged decline in commodity prices, particularly iron ore, copper, coal and gold, or the demand for resources may result in a corresponding decline in production of these commodities, which may lead to a decline in the demand for the Mader Group's services. Any decline in the demand for the Mader Group's services may have a materially adverse effect on the Mader Group's financial performance and financial position.

LOSS OF KEY PERSONNEL

SECTION 10.1(f)

The Mader Group's success depends to a significant extent upon its key management team, particularly Executive Director, Luke Mader (founder), Chief Executive Officer, Patrick Conway, Chief Operating Officer, John Greville (who has been with the Mader Group since incorporation) and Chief Financial Officer, Li Li Lim, for the management of operations internally and in the establishment and maintenance of key customer relationships.

MANAGEMENT OF GROWTH

SECTION 10.1(g)

The Mader Group has a history of sustained organic growth in revenue and profit which is expected to continue. Continued growth is dependent on many factors as set out in this Prospectus. There is a risk that the Mader Group may not successfully execute its growth strategies or continue to experience the significant growth in operating activities and

employee numbers that it has experienced in recent years. No assurance is given that the Mader Group will be successful in continuing to achieve growth or that the Mader Group's recent growth record is indicative of future growth.

ABILITY TO WIN NEW WORK

SECTION 10.1(h)

The Mader Group's future performance will be influenced by its ability to win new work in Australia and overseas. If the Mader Group is unable to establish new customer relationships and win new work, this may adversely affect the Mader Group's growth prospects, operational results and financial performance.

THE MADER GROUP'S LARGE CASUAL WORKFORCE

SECTION 10.1(i)

A significant number of the Mader Group's operational staff are employed on a casual basis. This presents various risks to the Mader Group including that:

- it may fail to retain its casual workforce;
- casual employees may request to be employed on permanent or full time contracts;
- a portion of its casual workforce may be determined not to be genuine casual employees which could result in claims for unpaid entitlements; and
- the Mader Group may be found to be in non-compliance with applicable Modern Awards in respect of its employees and subject to claims for damages and penalties.

In such circumstances the Mader Group would lose the flexibility it enjoys from its casual workforce and the Mader Group's operations, financial position and growth prospects may be adversely affected.

CHANGES TO INDUSTRIAL RELATIONS POLICY OR LABOUR LAWS

SECTION 10.1(j)

Reform to labour licensing schemes around Australia is currently underway with new laws already having been introduced in some states and a national scheme currently being proposed. Any changes to Australian

industrial relations laws or policy may result in increased labour and compliance costs and could impact on the Mader Group's operations and financial performance.

RELIANCE ON KEY CUSTOMERS AND PROJECTS

SECTION 10.1(k)

The Mader Group derives a significant proportion of its revenue from a group of key customers. In FY2018 approximately 42% of the Mader Group's revenue was derived from five key customers and the Mader Group's top 10 customers by revenue contributed to approximately 62% of the Mader Group's revenue. The Mader Group derives its revenue by providing specialised contract labour at an hourly rate per tradesperson. The services are generally provided under a services agreement with a customer which are non-exclusive, not subject to any minimum spend obligations and which can be terminated on short notice. The services may also be provided to some customers without service agreements where hourly rates will be agreed per project or scope of work. Any significant variation to the scope, timing and rates charged for the Mader Group's specialised contract labour with key customers may adversely affect the Mader Group's financial position, profitability and financial performance.

FOREIGN OPERATIONS

SECTION 10.1(l)

The Mader Group may derive an increasing proportion of its revenue from operations in foreign countries. There are certain risks inherent in doing business in international jurisdictions, such as unexpected changes in laws and regulatory requirements (including labour laws and policies, VAT and other in-country taxes, foreign currency rules, foreign controls, tariffs, customs, duties and other trade barriers), exchange rates, difficulties staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability and in certain cases expropriation, nationalisation, terrorism and war.

INCREASE IN LABOUR COSTS

SECTION 10.1(m)

The most significant cost in the Mader Group's business is its labour costs. The operations of the Mader Group are labour intensive and the Mader Group

currently has over 1,100 employees employed on a permanent, part time and casual basis. Increases in the cost of labour may have a material impact on the financial position, operations and growth prospects of the Mader Group.

INCREASED COMPETITION FROM EXISTING AND NEW COMPETITORS

SECTION 10.1(n)

The broader industry in which the Mader Group operates is competitive and a number of both large and small companies compete with the Mader Group. Competition in the industry is expected to continue. If the Mader Group is unable to meet competitive challenges it may lose market share to its competitors, experience an overall reduction in its earnings and the Mader Group's growth prospects may be adversely impacted.

LABOUR AND LABOUR SHORTAGES

SECTION 10.1(o)

The Mader Group's services are dependent on the availability and cost of skilled and qualified labour. The Mader Group's people are its primary assets and increased levels of activity in the resources industry, globally and in Australia, may lead to a shortage of skilled personnel for the services which the Mader Group provides. It is essential that appropriately skilled staff are available in sufficient numbers to enable the Mader Group to service its existing and new customers' requirements and maintain the diversity of the Mader Group's service offering. Significant staff losses or a failure to attract and retain new staff may have a negative impact on the financial performance of the Mader Group and its growth prospects and profitability.

DECLINE IN THE TREND TOWARDS OUTSOURCING MAINTENANCE ACTIVITIES

SECTION 10.1(p)

The Mader Group provides specialised contract labour for maintenance of heavy mobile equipment in the resources industry. While there has recently been a trend towards the outsourcing of mining equipment maintenance operations and maintenance operations generally, there is no guarantee that this trend will continue. If a trend emerges in the future to undertake such maintenance operations in-house, then this is

likely to affect the performance of the Mader Group's business and growth prospects.

CUSTOMER PRICING RISK

SECTION 10.1(q)

There is a pricing risk in respect of the Mader Group's current and future contracts, particularly in relation to the Mader Group's key customers and projects as well the specialised contract labour services it provides to customers without a services agreement in place. If the pricing for the provision the Mader Group's services to customers decreases, for example due to increased competition, or if the costs of the Mader Group providing its services unexpectedly increases by a margin greater than that accounted for in the pricing of customer contracts or projects, then the Mader Group may no longer be able to service its customers at expected margins and this may adversely affect the Mader Group's financial position, profitability and growth prospects.

CAPITAL REQUIREMENTS FOR GROWTH

SECTION 10.1(r)

As the Offer is for the sale of Shares by Existing Shareholders (through SaleCo), the funds received from the Offer will not be paid to the Mader Group. The Directors expect that the Mader Group's forecast revenue and debt facilities will provide sufficient funds to enable the Mader Group to achieve its stated business objectives. However, there can be no assurance that the Mader Group's objectives can be met without further debt or equity financing and, if further financing is necessary, that it can be obtained on terms acceptable to the Mader Group or at all. Any additional equity financing, if available, may be dilutive to Shareholders and further debt financing, if available, may involve restrictions in financing and operating activities.

5.6 Board and Key Management

WHO ARE THE DIRECTORS OF THE COMPANY?

SECTION 8.1

The Board comprises:

- Jim Walker – Independent Non-Executive Chairman
- Luke Mader – Executive Director
- Patrick Conway – Executive Director

- Craig Burton – Non-Executive Director
- Justin Nuich – Independent Non-Executive Director

Refer to Section 8.1 for details of the relevant experience and expertise of the Directors.

WHO ARE THE COMPANY'S KEY MANAGEMENT PERSONNEL?

SECTIONS 8.1 AND 8.2

The key management personnel include:

- Luke Mader – Executive Director
- Patrick Conway – Chief Executive Officer and Executive Director
- John Greville – Chief Operating Officer
- Li Li Lim – Chief Financial Officer
- Rick Dillon – General Manager – Western Australia / South Australia /Northern Territory
- Russell Wells – General Manager – International
- Peter Lock – General Manager – Eastern States Australia (until 1 September 2019)
- Daniel Breeze – General Manager – Eastern States Australia (from 1 September 2019)

Refer to Sections 8.1 and 8.2 for details of the relevant experience and expertise of the key management personnel.

WHAT ARE THE SIGNIFICANT INTERESTS OF DIRECTORS IN THE COMPANY AND SHARES OFFERED UNDER THE OFFER?

SECTIONS 8.3, 8.4 AND 8.7

On completion of the Offer:

- Executive Director Luke Mader will have a relevant interest in 112,000,000 Shares (representing 56% of the Shares on issue); and
- Skye Alba, an entity controlled by Non-Executive Director Craig Burton, will hold 38,000,000 Shares (representing 19% of the Shares on issue).

Further details of the interests of Directors are set out in Sections 8.3 and 8.4.

Section 8.7 sets out details of related party agreements and transactions with the Company from which the Directors may benefit. These comprise customary executive service agreements, consultancy agreements, director appointment letters and deeds of indemnity, insurance and access.

5.7 The Offer

WHAT IS THE OFFER?

SECTION 12.1

The Offer is an initial public offering of 50,000,000 Shares for sale by Existing Shareholders through SaleCo.

The Offer comprises:

- the Retail Offer, consisting of the:
 - Broker Firm Offer; and
 - Priority Offer; and
- the Institutional Offer; and
- the Employee Offer, consisting of the:
 - the Leadership Team Offer; and
 - the Staff Offer.

No general public offer of Shares will be made under the Offer.

The Offer Price for the Retail Offer and the Institutional Offer is \$1.00 per Share.

The Employee Offer Price is \$0.90 per Share.

The Offer is expected to raise between \$49.7 million to \$50 million (before costs) for Existing Shareholders.

The shares being offered will represent approximately 25% of Shares on issue on completion of the Offer.

WHAT IS THE PURPOSE OF THE OFFER?

SECTION 12.4

The purpose of the Retail Offer and Institutional Offer is to:

- broaden the Company's shareholder base and provide a liquid market for its Shares;
- provide an opportunity for Existing Shareholders to realise a portion of their investment;
- provide the broader business with the benefits of increased profile, transparency and credibility that arises from being an ASX listed entity; and
- satisfy the requirements for the admission of the Company to the Official List of ASX which will enable efficient trading of Shares and access to additional funding after the Offer.

The purpose of the Employee Offer is to:

- increase the level of employee ownership; and
- foster continued loyalty and ongoing performance by current employees.

IS THE OFFER UNDERWRITTEN?

SECTION 11.2

Yes, the Offer is fully underwritten by the Lead Manager and Underwriter.

WHO IS THE LEAD MANAGER AND UNDERWRITER TO THE OFFER?

SECTIONS 11.2 AND 12.24

The Company and the Existing Shareholders have appointed Bell Potter Securities Limited as Lead Manager and Underwriter to the Offer.

SaleCo (and not the Company) will pay the underwriting fees of the Lead Manager comprising:

- a management fee of 1% of the gross amount raised under the Offer; and
- an underwriting fee of:
 - 3% of the gross amount raised under the Broker Firm Offer, Institutional Offer, Staff Offer and half of the gross amount raised under the Leadership Team Offer; and
 - 1% of the gross amount raised under the Priority Offer and half of the gross amount raised under the Leadership Team Offer.

The Company will pay all other costs of the Lead Manager and Underwriter.

WHAT ARE THE CONDITIONS OF THE OFFER?

SECTION 12.3

The Offer is conditional upon the following events occurring:

- applications for the full amount of the Offer being received (being applications for 50,000,000 Shares); and
- ASX granting conditional approval for the Company to be admitted to the Official List.

If the Conditions of the Offer are not achieved, then Offer will not proceed and all Application Monies received will be repaid (without interest).

WHAT IS THE ALLOCATION POLICY UNDER THE OFFER?

SECTIONS 12.14 TO 12.17

The allocation of Shares between the Broker Firm Offer, Priority Offer and the Institutional Offer was determined by agreement between the Lead Manager

and Underwriter and the Company having regard to the allocation policies outlined in Sections 12.14 to 12.17.

The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager and Underwriter in agreement with the Company.

The allocation of Shares among Applicants in the Priority Offer will be determined by SaleCo and the Company in consultation with the Lead Manager and Underwriter.

With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their clients.

The Employee Offer will be made available to eligible employees as determined by the Board. The total number of Shares offered under the Employee Offer will be approximately 3.3 million, comprising approximately 0.4 million Shares offered under the Leadership Team Offer and 2.9 million Shares offered under the Staff Offer. Shares not subscribed for under the Employee Offer will be made available under the Priority Offer or the Retail Offer at the Offer Price.

HOW CAN I APPLY FOR SHARES UNDER THE OFFER?

SECTIONS 12.14 TO 12.17

BROKER FIRM OFFER APPLICANTS

Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Offer Application Form attached to or accompanying this Prospectus and following the instructions provided by the Broker who invited them to participate in the Broker Firm Offer.

PRIORITY OFFER APPLICANTS

Applicants under the Priority Offer must apply online in accordance with the instructions provided in their Priority Offer invitation made under this Prospectus.

INSTITUTIONAL OFFER APPLICANTS

The Lead Manager has separately advised Institutional Investors of the application procedure under the Institutional Offer.

EMPLOYEE OFFER APPLICANTS

Applicants under the Employee Offer must apply online in accordance with the instructions provided in their Employee Offer invitation made under this Prospectus.

Any Applications received under the Broker Firm Offer, Priority Offer, the Institutional Offer or the Employee Offer are irrevocable and may not be varied or withdrawn except as required by law or at the sole discretion of the Company.

WHAT IS THE MINIMUM APPLICATION SIZE?

SECTION 12.14 TO 12.17

The minimum Application size under the Retail Offer and the Employee Offer is \$2,000 of Shares in aggregate.

WHEN WILL AN APPLICANT KNOW IF ITS APPLICATION HAS BEEN SUCCESSFUL?

SECTION 12.14 TO 12.17

It is expected that holding statements will be dispatched to successful Applicants by standard post on 23 September 2019.

CAN THE OFFER BE WITHDRAWN?

SECTIONS 12.19 AND 12.21

The Offer may be withdrawn at any time before the sale and transfer of Shares to Applicants. If the Offer is withdrawn, Application Money will be refunded to Applicants in full without interest.

WHAT WILL HAPPEN ON COMPLETION OF THE OFFER?

SECTIONS 11.1

On completion of the Offer SaleCo will acquire a total of 50,000,000 Shares from Existing Shareholders which will be on-sold to successful Applicants under the Offer at the applicable offer price.

HOW WILL FUNDS RAISED FROM THE OFFER BE USED?

SECTION 12.5

The Offer is expected to raise up to \$50 million for Existing Shareholders (before costs).

This amount represents the proceeds from the sale of Shares by SaleCo and will be paid to a trust account operated by SaleCo. This amount, less the costs of the Offer payable by Existing Shareholders, will be passed on to each Existing Shareholder pro rata to the number of Shares they have sold.

The funds received for the sale of Shares under the Offer will not be paid to the Company. The Company will not raise any amount under the Offer.

WILL THE COMPANY BE ADEQUATELY FUNDED AFTER COMPLETION OF THE OFFER?

SECTIONS 12.4 AND 12.7

The Directors are satisfied that on completion of the Offer the Company will have sufficient working capital to carry out its business objectives as set out in this Prospectus.

WHAT RIGHTS AND LIABILITIES ATTACH TO THE SHARES BEING OFFERED?

SECTION 14.1

All Shares sold under the Offer will rank equally in all respects with the Shares on issue. The rights and liabilities attaching to the Shares are described in Section 14.1.

WILL THE SHARES TRANSFERRED UNDER THE OFFER BE LISTED?

SECTION 12.6

The Company will apply for listing of the Shares on the ASX within seven days of the date of this Prospectus. Completion of the Offer is conditional on ASX providing conditional approval of this application.

WILL ANY SHARES BE SUBJECT TO ESCROW?

SECTIONS 11.3 AND 12.11

Existing Shareholders have agreed to voluntary escrow restrictions in respect of the Shares held by them on completion of the Offer (comprising a total of 150,000,000 Shares) until 31 October 2020.

Shares offered under the Leadership Team Offer will be subject to a holding lock for 12 months after the Company's admission to the Official List of the ASX.

Shares offered under the Staff Offer will be subject to a holding lock for 3 months after the Company's admission to the Official List of the ASX.

The Company will direct the Share Registry to apply the holding locks described above in respect of Shares issued under the Leadership Team Offer and the Staff Offer.

No other Shares offered for sale under the Offer are expected to be subject to escrow restrictions.

IS THERE ANY BROKERAGE, COMMISSIONS OR STAMP DUTY PAYABLE BY APPLICANTS?

SECTION 12.2

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

WHAT ARE THE TAX IMPLICATIONS OF INVESTING IN SHARES UNDER THE OFFER?

SECTION 14.10

A summary of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 14.10.

The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.

None of SaleCo, the Company, the Directors or the key management personnel give any advice regarding the taxation consequences of subscribing for Shares.

5.8 Other Details

WHO ARE THE ISSUERS OF THE PROSPECTUS?

SECTIONS 7 AND 14.5

Mader Group Limited (ACN 159 340 397) and Mader SaleCo Pty Ltd (ACN 629 771 982).

WHO ARE THE EXISTING SHAREHOLDERS?

SECTION 12.9

The Existing Shareholders are the following parties who currently hold Shares in the Company, each being a substantial shareholder in the Company and who are offering Shares for sale under the Offer:

- Luke Mader; Amy Mader and their controlled entities; and
- Skye Alba (an entity controlled by Craig Burton).

Luke Mader and Amy Mader and their controlled entities are offering 38,000,000 Shares for sale under the Offer and, accordingly, will receive up to \$38 million (before costs) from the proceeds of the Offer.

Skye Alba is offering 12,000,000 Shares for sale under the Offer, and accordingly, will receive up to \$12 million (before costs) from the proceeds of the Offer.

WHO IS SALECO?

SECTION 14.5

SaleCo is a special purpose vehicle which is owned and controlled by Executive Director Luke Mader and Non-Executive Director Craig Burton.

SaleCo was established to enable Existing Shareholders to sell part of their investment in the Company on completion of the Offer.

SaleCo has no material assets, liabilities or operations other than its interest in the Share Sale Deeds and the other documents referred to in Section 11.1.

WHAT MATERIAL CONTRACTS HAS THE MADER GROUP ENTERED INTO?

SECTION 11

The Mader Group is a party to the following material contracts:

- the Share Sale Deeds and Indemnification Deeds between the Company, SaleCo and Existing Shareholders (see Section 11.1);
- the Underwriting Agreement with the Lead Manager and Underwriter and SaleCo (see Section 11.2);
- the Voluntary Escrow Deeds with each Existing Shareholders (see Section 11.3); and
- customary executive service agreements, director appointment letters and deeds of indemnity with Directors.

The Mader Group has service agreements with most of its long-term customers under which hourly rates for Mader tradespeople will be agreed. The typical terms and conditions of such services agreements are summarised in Section 11.4. The Mader Group also provides services to some customers without a services agreement (usually at hourly rates accepted in the past) and to a small portion of customers on an ad hoc basis (with hourly rates agreed on a project by project basis).

The Mader Group also has a number of debt facilities with NAB and Wells Fargo. A summary of these debt facilities is provided in Section 11.5.

COMPANY OFFER

SECTION 12.25

This Prospectus also contains the Company Offer, being the offer of 1,000 Shares by the Company at a price of \$1.00 per Share. The purpose of the Company Offer is to enable the Company to issue this Prospectus.

HOW CAN I FIND OUT MORE ABOUT THE PROSPECTUS OR THE OFFER?

SECTION 12.30

Questions relating to the offer, including completion of an Application Form, can be directed to the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday (excluding public holidays) during the Offer Period.

Questions relating to the Prospectus can be directed to the Company on +61 8 9353 3393 between 9.00am and 5.00pm (WST) Monday to Friday (excluding public holidays).

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6.0 *Industry Overview*

6.1 Executive Summary

The Mader Group operates in maintenance services in the resources industry in Australia and around the globe, specifically in providing outsourced contract labour for heavy mobile equipment maintenance.

There are various drivers for demand for heavy mobile equipment maintenance services including total commodity production, the average age of existing machinery stock and the extent to which mining companies outsource maintenance workforce requirements. Recent market conditions have resulted in strong demand for the specialised services provided by the Mader Group.

6.2 What is the size of the heavy mobile equipment maintenance industry and what are the key industry drivers?

It is estimated that expenditure on mining maintenance activities in Australia totalled \$7.9 billion for FY2018.

The table right details what maintenance activities this amount is predicted in.

MAINTENANCE ACTIVITY	VALUE (A\$)
Earthmoving/extraction: trucks, dozers, graders, scrapers, excavators, drills, draglines, continuous miners	\$3.6bn
Handling and beatification: crushers, mills/grinders, feeding and screening equipment, conveyors, separation, filtering	\$2.3bn
Infrastructure: roads, rail, pipelines, electricity, water	\$1.1bn
Buildings: building structural maintenance, A/C, fire, electrical	\$0.4bn
Other	\$0.5bn
Total	\$7.9bn

Source: Mining in Australia, BIS Oxford Economics.

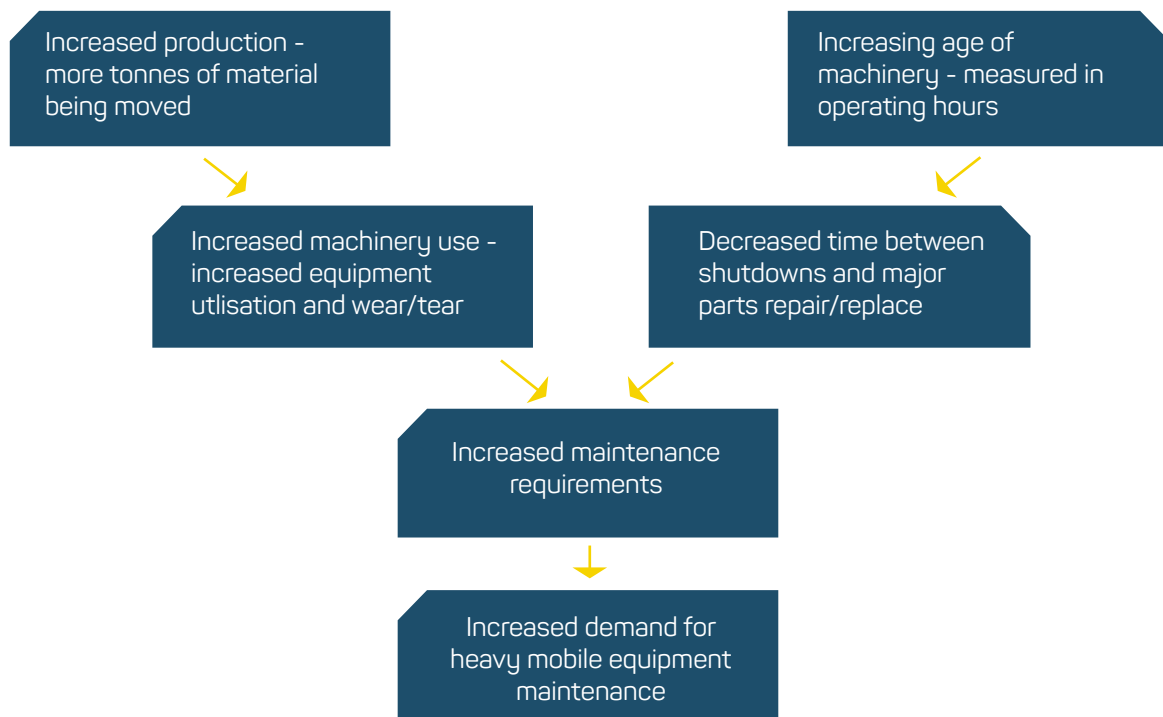


Figure 1 – Drivers for demand of heavy mobile equipment maintenance services

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It is noted that across all of the above maintenance categories it is estimated that a total of approximately \$4 billion (out of \$7.9bn) was spent on activities related to coal and metal ore mining sectors. Further, it is estimated that a total of approximately \$3.8 billion (out of \$7.9bn) was spent across all maintenance sectors on heavy mobile equipment maintenance by outsourced maintenance providers.

The Mader Group concentrates primarily on the maintenance of earthmoving/extraction equipment (heavy mobile equipment) within the broader mining maintenance market.

The key drivers of demand for heavy mobile equipment maintenance services for operators in the resources industry are determined by:

- total commodity production (more production means more machine stock);
- the average age of existing machinery stock in the industry (older machines means more maintenance); and

- the extent to which mining companies outsource maintenance workforce requirements.

a. Australian Production

Australia has generally experienced growth in resources production volumes over the last decade. Forecasts for FY2019 and FY2020 suggest continued production growth across the key bulk (Iron Ore and Coal) and base metal (Gold and Copper) commodities that the Mader Group service.²

b. Capital Expenditure on New Mobile Equipment

Investment in new mining equipment in the Australian resources industry has been significantly lower over the last 5 years following a peak in 2011 and 2012. Major mining companies have generally transitioned from the capital expenditure (**Capex**) investment stage, to the operational expenditure (**Opex**) resource extraction stage.³

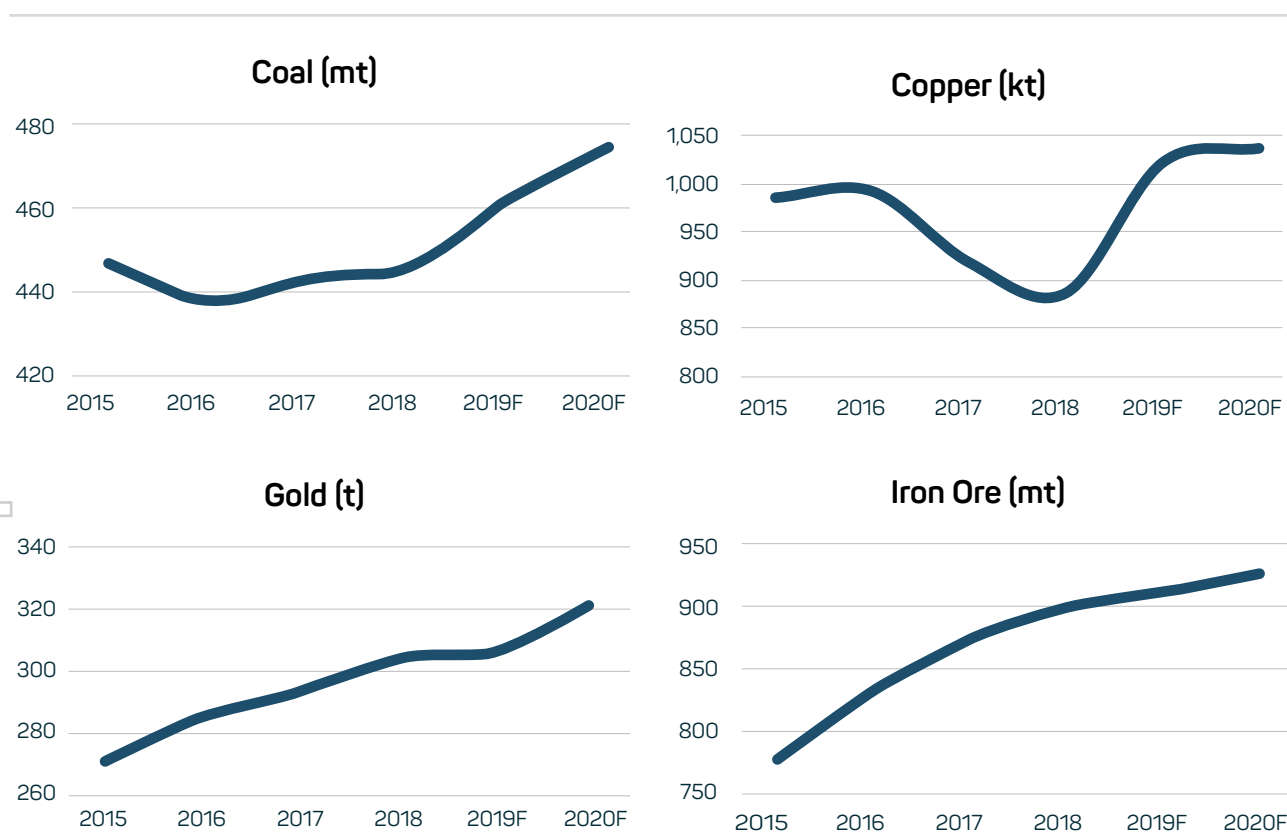


Figure 2 – Australian Commodity Production Volumes – historic and forecast 2015-2020.

Source: Department of Industry, Innovation and Science.

² Department of Industry, Innovation and Science, Resources and Energy Quarterly, September 2018. The author has not provided their consent for the statement to be included in this Prospectus.

³ IBIS World Industry Report, Mining Support Services in Australia, June 2018. The author has not provided their consent for the statement to be included in this Prospectus.

Annual capital expenditure on new mobile mining equipment in Australia

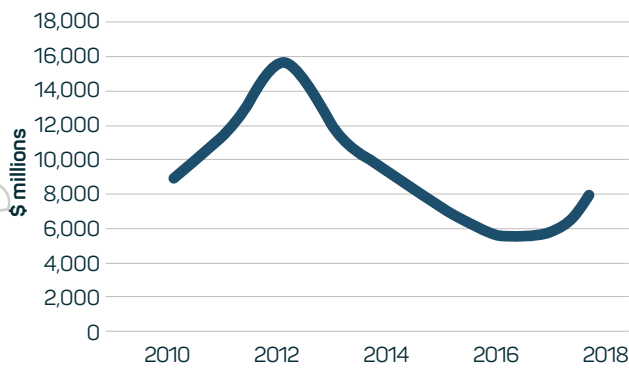


Figure 3 – Actual Expenditure on Equipment (Plant and Machinery) in Australian Mining Industry, current prices

Source: Australia Bureau of Statistics –Private New Capital Expenditure and Expected Expenditure, Australia, March 2019.

The higher levels of Capex seen in 2011 and 2012 years has resulted in a general increase of total mining equipment being utilised. With the increased level of current and forecast commodity production, the amount of maintenance required on this mining equipment is likely to be higher than during the peak Capex years of 2011 and 2012, where mining equipment was newer and generally not in need of the same level of maintenance as older mining equipment.⁴ Further enhancing this trend are other issues including:

- increased levels of total mining equipment utilisation;
- an industry trend for equipment to be used for longer before replacement;
- delays in new equipment delivery due to original equipment manufacturers' production capacity limits; and
- lower levels of new mining equipment Capex.

The overall cost of maintaining mining equipment over its lifecycle is substantially more than the initial purchase price.⁵

c. Life Stage of the Current Heavy Mobile Equipment Stock

Mining equipment operators are increasingly using cash to pay debt rather than replacing existing

machinery. This move has seen operators increase reliance on existing mining equipment assets and extend equipment total life in order to reduce new capital expenditure⁶. The peak of new mining equipment that was purchased in the early 2010s will soon be requiring major maintenance and overhaul as it continues to age.⁷

d. Demand for Outsourced Labour Services

Economy-wide growth in demand for labour outsourcing services has been driven by:

- difficulties of directly employing and retaining staff with all the appropriate skill sets;
- fluctuating requirements for specialist labour, especially in maintenance;
- businesses seeking flexibility in operating costs due to business or market uncertainty;
- increased regulation, complexity and compliance costs associated with direct employment; and
- employees seeking variety and flexibility of employment.

Figure 4 illustrates a typical situation for a large mining company which employs a base level of tradesperson in-house, and supplements this with labour from outsourced service providers. This allows for issues such as:

- maintenance programs and requirements are irregular and require:
 - flexibility with respect to labour force requirements and peak load top up labour on breakdowns, shutdowns and general short-term fluctuations; and
 - technical expertise relevant to specific maintenance requirements not readily available to large mining companies in-house; and
- completion of certain tasks viewed by management as non-core.

During downturns, the Mader Group can benefit as large mining companies reduce in-house staffing and increase outsourced requirements.

⁴ Reserve Bank of Australia, Mining Investment Beyond the Boom, March 2018. The author has not provided their consent for the statement to be included in this Prospectus.

⁵ Ernst & Young, Australian Yellow Goods and Mining Services report, November 2017. The author has not provided their consent for the statement to be included in this Prospectus.

⁶ Ernst & Young, Australian Yellow Goods and Mining Services report, November 2018. The author has not provided their consent for the statement to be included in this Prospectus.

⁷ Ernst & Young, Australian Yellow Goods and Mining Services report, 2017. The author has not provided their consent for the statement to be included in this Prospectus.

Breakdown of customer maintenance workforce (illustrative example only)

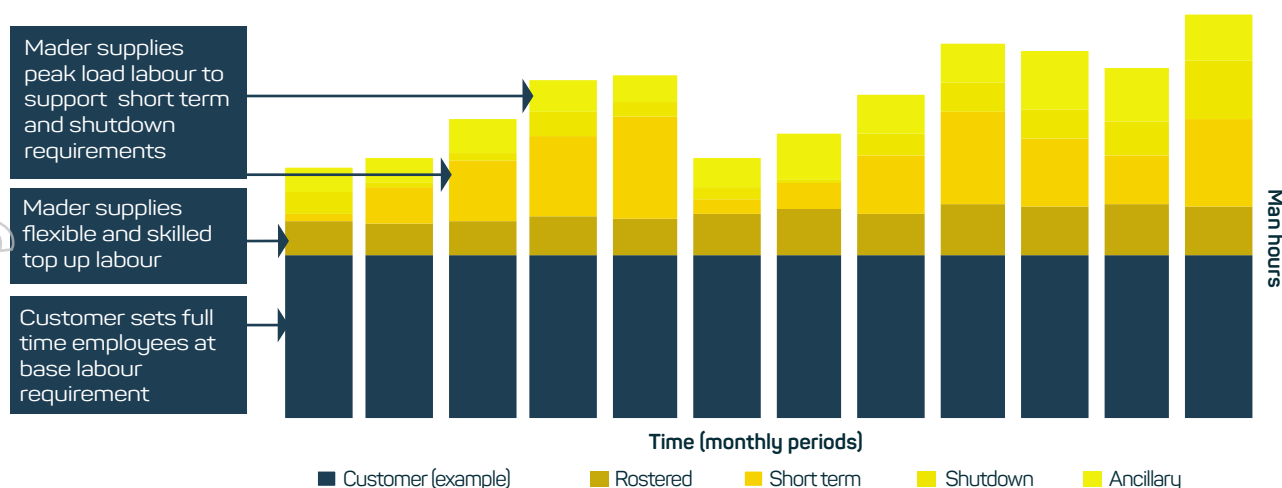


Figure 4 – Example of composition of man hours in heavy mobile equipment maintenance model. Customer man hours are not representative of actual data.

6.3 Key Industry Success Factors

Key success factors for participants in the general mining support services industry include, but are not limited to:

- Access to highly skilled workforce – companies that retain experienced and well trained staff are more likely to deliver on customer expectations, gain repeat business and build a reputation as a reliable partner;
- Economies of scale – larger specialist maintenance companies can operate with greater economies of scale, reducing the marginal cost per unit sold, resulting in better profit margins;
- Economies of scope – companies that offer the full range of specialist maintenance services are more likely to be seen as a maintenance partner, offering a complete solution rather than a “one and done” engagement;
- Diverse range of customers and commodities – providers that service a broad range of customers and commodities are less dependent on particular markets; and
- Proximity to key markets – companies that are located in key areas where their services are required increase their visibility and response times, particularly in isolated areas of Western Australia and Queensland.

6.4 Competition

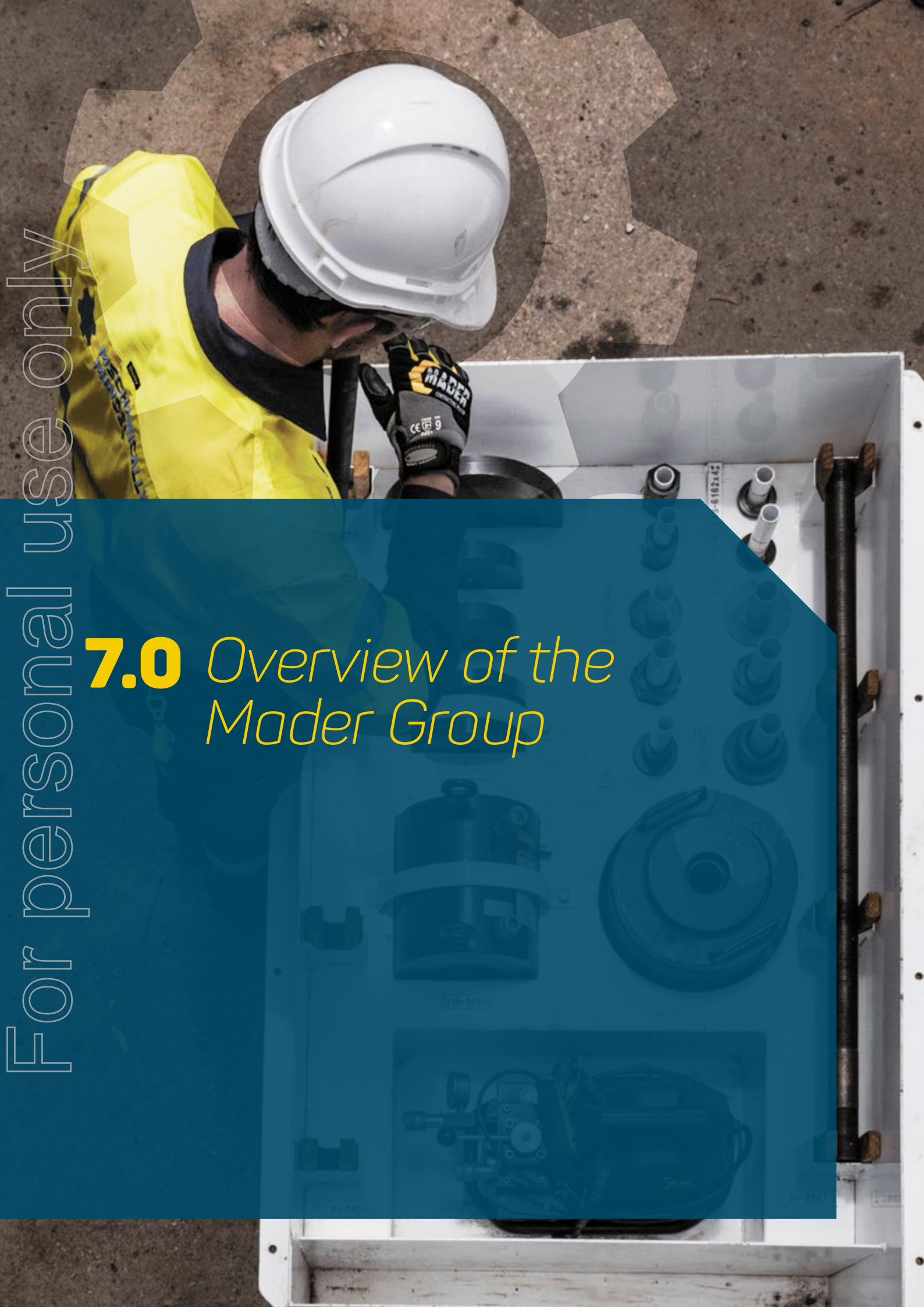
Maintenance service providers generally compete on price, quality of services, capacity to provide services, flexibility, value add, ease of engagement and safety track record. Service providers range from the generally highly skilled and higher cost equipment specialists (OEMs) to the generally lower cost recruitment based labour hire model.

There are a number of companies providing services to the markets in which the Mader Group operates, however only a limited number of companies are focused or capable of delivering the range of services in the range of regions serviced by the Mader Group. The Mader Group competes against the original equipment manufacturers (OEMs), specialised contractors and labour hire and recruitment focussed companies. The Mader Group believes that its combination of value, quality, flexibility and capacity give it a unique competitive position in the market (refer to Section 7.10 for further details).

The key barriers to entry in the sector include attracting and retaining highly skilled tradespeople, business and industry knowledge, business relationships across key customers, obtaining a vendor registration number from large mine owners and a track record of delivery and the ability to provide flexibility to employees and customers.

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7.0 *Overview of the Mader Group*



7.1 Executive Summary

The Mader Group is a maintenance services company that supplies tradespeople to resource industry customers on flexible arrangements. The Mader Group first began operating in 2005 and in 14 years has grown to over \$220 million in annual revenue with over 1,100 employees.

The Mader Group provides specialised contract labour for maintenance of heavy mobile equipment in the resources industry from an in-house pool of skilled employees. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls, maintenance workshops, training of maintenance teams, and a range of other ancillary services.

The Mader Group is headquartered in Perth, with regional offices in Kalgoorlie (WA), Mackay (QLD), Hunter Valley (NSW), Hong Kong, Ulaanbaatar (Mongolia), Solwezi (Zambia) and Denver (USA). The Denver office was recently opened as part of the Mader Group's geographical diversification strategy. The Mader Group also has workshops in Perth,

Western Australia and Mackay, Queensland, which support offsite repairs.

The Mader Group was founded by Luke Mader who saw an opportunity to do things differently within the heavy mobile equipment maintenance sector:

- to provide a more specialised service, better tailored to the customer; and
- to provide a better work environment and incentives for the tradespeople.

Key attributes of the Mader Group's business to date include:

- the strength of its people and their culture;
- a proven business model which has been rolled out in multiple geographic regions and across various commodities;
- strong organic growth with no external equity capital required; and
- a large remaining addressable market.

The Mader Group is currently owned 75% by Luke Mader, Amy Mader and their controlled entities and 25% by an entity controlled by Craig Burton, Skye Alba (**Existing Shareholders**).

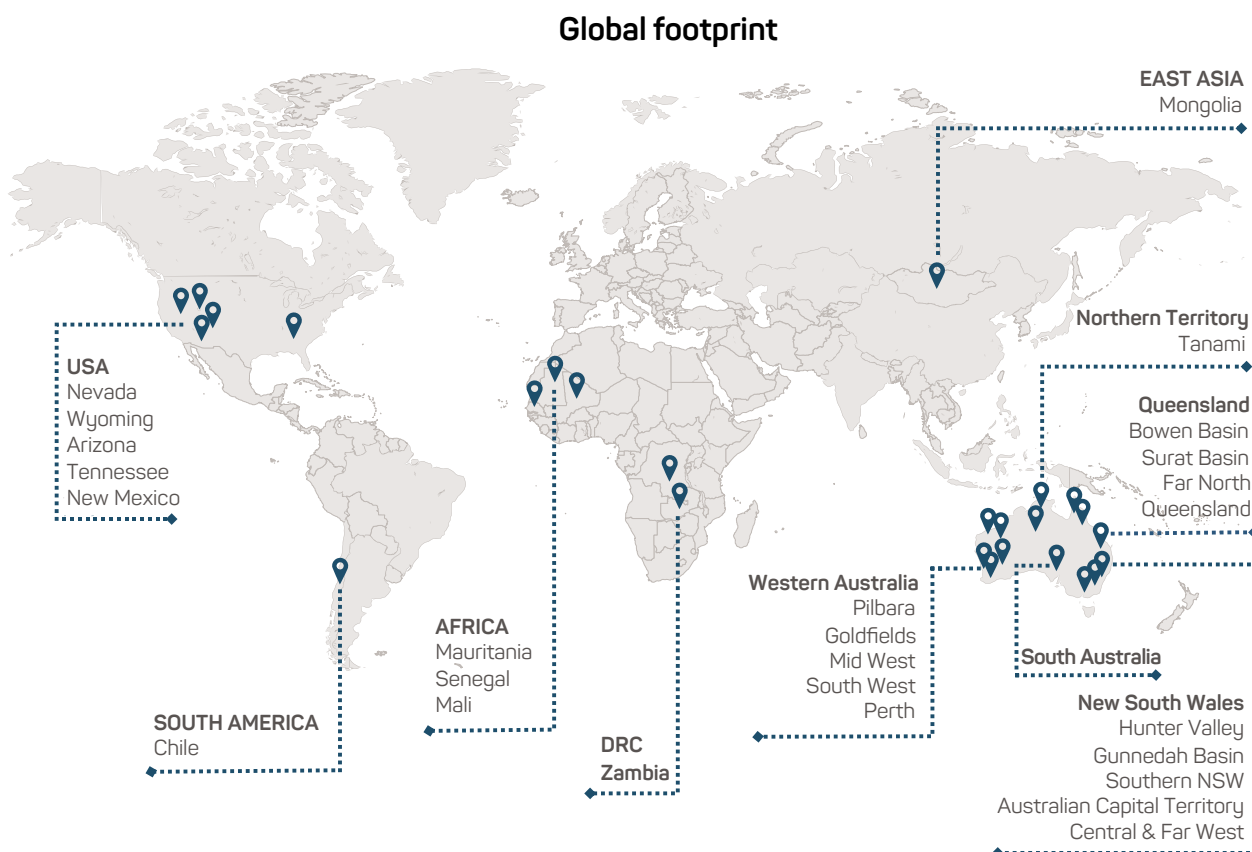


Figure 5 – Global footprint of the Mader Group.

7.2 History

2005

- Executive Director, Luke Mader, established the Mader Group business, working as a sole proprietor in the Kimberley region, Western Australia

2008

- Mader Group reached 20+ employees

2009

- Perth workshop opened in High Wycombe to carry out machine repair operations locally
- Mader Group launched its field services in Western Australia
- Revenue of \$4.5m for Financial Year ended June 2009

2011

- Perth workshop relocated to Maddington to expand local business
- Mader International was established as the business expanded globally offering services in major mining regions of Africa and Asia

2012

- Mader Group reached 100+ employees
- Mader Group secured an external investor who acquired a 25% equity stake
- Revenue of \$25.2m for Financial Year ended June 2012

2015

- Mader Group reached 250+ employees
- Mader Group established an Ancillary Division offering Auto Electrician, High Voltage Electrician, Boilermaker and Light Vehicle/Heavy Road Transport Mechanic services for the first time
- Mader Group expanded to Queensland
- Revenue of \$60.1m for Financial Year ended June 2015

2017

- Mader Group reached 500+ employees
- Mobile Plant Shutdowns Business Unit was established
- Mader Group expanded to South Australia to carry out large-scale operations
- Mader Group expanded to New South Wales
- Fixed Plant Division was established in the Goldfields region, Western Australia
- The Field Service team began servicing the South West of Western Australia
- Revenue of \$99.3m for Financial Year ended June 2017

2018

- Mader Group reached 1,000+ employees
- Mader Group's Ancillary Division saw rapid growth in the provision of services of Auto Electricians, Boilermakers, Light Vehicle and Road Transport Mechanics
- Kicked off a Goldfields Region specific store to focus on Non-Plant Mechanics
- Mader Group's first ever Rapid Response Team launched in the Pilbara region, Western Australia
- Mader Group expanded to the United States of America, opening an office in Colorado to provide services in the Wyoming, Colorado and Nevada regions
- Revenue of \$156.4m for Financial Year ended June 2018

2019

- Mader Group established an office in the Hunter Valley, New South Wales
- Mader Group expanded to Chile and the Democratic Republic of Congo
- Revenue of \$110m for the half financial year to 31 December 2018

7.3 History of Growth

The Mader Group has a demonstrated history of sustained organic growth in revenue and profit. Over FY2014 to FY2019 (6 years) the Mader Group achieved average year-on-year revenue growth of 37% and NPAT growth of 28%.

Many years of investment by the Mader Group in its people and culture, business infrastructure, scheduling systems, and recruiting and retention systems has laid the foundation for future organic growth (refer to Section 7.11 for further details on the Mader Group's growth strategy).

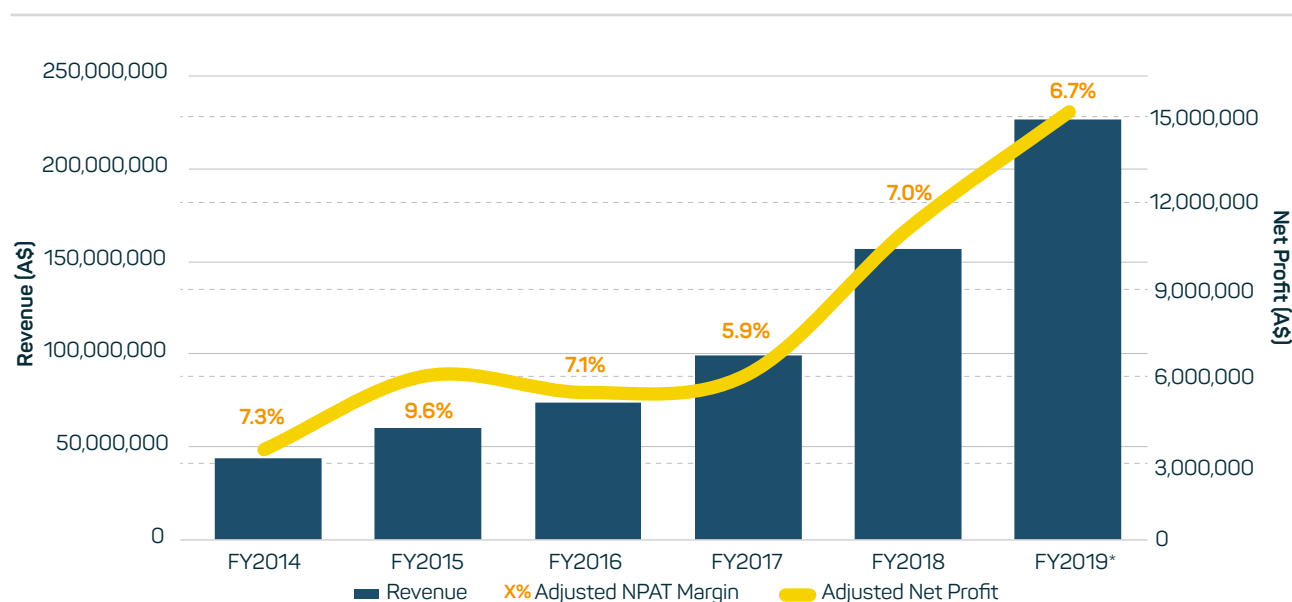


Figure 6 – Mader Group Historical Revenue and Net Profit (FY2014 to FY2019). *FY2019 comprises actual financial performance for 10 months to 30 April 2019 and forecast financial information for May and June 2019.

7.4 Overview of Operations

Based in Perth, the Mader Group currently provides specialised contract labour for maintenance of heavy mobile equipment in multiple regions of Australia; Western Australia, Queensland, South Australia, New South Wales, Northern Territory, Victoria; and multiple locations around the world including Zambia, Mongolia, Mauritania, Senegal, Democratic Republic of Congo, Chile and USA.

Over the past 14 years the Mader Group has built a large and highly skilled pool of employees. The Mader

Group now has over 1,100 employees with a range of specialised capabilities which are deployed in teams to meet customer workforce requirements.

Services that the Mader Group provide include rostered maintenance labour, field support (site labour with support vehicles and tools), shutdown maintenance teams for major overhauls, maintenance workshops, training of maintenance teams, and a range of other ancillary services. These capabilities are further described in Section 7.5.

The Mader Group carefully selects the personnel it supplies to its customers. The Mader Group takes care to:

- match the skillset of the employee teams or individuals to the requirements of the customer and scope of work; and
- build teams deployed to customers with the right mix of skillsets.

The Mader Group also takes note of the preferred roster and work location of its staff and matches these to customer requirements.

Key aspects of the Mader Group model that differentiate it from its competitors include:

- the Mader Group provides its own employees to its customers, rather than seeking external contractors; and
- the Mader Group is engaged on time-based arrangements on agreed rates, with very few fixed priced contracts.

7.5 Capabilities

The current capabilities provided by the Mader Group are detailed below. Part of the growth strategy of the Mader Group is to continue to add further capabilities to the Mader Group.

a. **Rostered Maintenance Labour** (36% of FY2019⁸ revenue)

The Mader Group's rostered support provides skilled tradespeople on various length engagements to the Mader Group's customers to integrate into their own workshops and travel arrangements. The Mader Group has the capacity to supply qualified personnel, whether it be a supervisory role, back-to-back for a critical position, or the creation of a team to aid with peak load periods.

b. **Field Support** (23% of FY2019⁸ revenue)

The Mader Group's field support service provides skilled tradespeople delivered to the customer's machinery in a field service vehicle equipped with a comprehensive range of repair tooling for the

maintenance of heavy mobile equipment. The Mader Group's mechanics are extensively experienced and trained and are backed by technical expertise and experience of the management group. The Mader Group has over 400 field service vehicles that are well equipped with tooling, equipment and specifications for most situations.

c. **Shutdown Teams** (11% of FY2019⁸ revenue)

The Mader Group's shutdown teams specialise in executing small to large-scale mobile equipment shutdown operations and major overhauls. The Mader Group's shutdown teams are made up of tradespeople who follow practice-based methodologies and strict safety standards.

d. **Training of Maintenance Teams** (18% of FY2019⁸ revenue)

A key aspect of performing services internationally in emerging markets is to provide mentoring and training services to local maintenance teams whilst Mader Group employees are performing specialised maintenance services on heavy mobile equipment. Separately the Mader Group also offers standalone training packages that can be tailored to individual work sites. The Mader Group's technical trainers are original equipment manufacturer trained and experienced in educating in different countries. All courses provided by the Mader Group are a combination of theory and practical, conducted on the customers' site.

e. **Other** (12% of FY2019⁸ revenue)

Rapid Response

The Mader Group's rapid response field mechanics are an extension of its field support service, with specialist skills and capability and arrival on-site (with support vehicles and tools) within short timeframes. This highly specialised service helps the Mader Group ensure it can respond to urgent breakdowns as part of its service delivery.

Workshop Repair

The Mader Group's workshops handle all aspects

⁸ Comprising actual revenue for the 11 months to 31 May 2019.

of earthmoving and mining equipment repairs, rebuilds and general maintenance including full engine and component rebuilds. With blast and paint capability, the Mader Group's workshop repair services are customised to suit its customer's diverse scopes and requirements.

Auto and High Voltage Electricians

The Mader Group provides electrical tradespeople to its customers in both a field support and rostered format. The Mader Group's electrical trade specialists have experience working with leading operators in the resources industry, on all makes and models of originally manufactured equipment, carrying out day-to-day electrical repairs and maintenance. The Mader Group's specialised tradespeople are available for field service deployment, stand-alone projects, short term labour solutions and rostered maintenance.

Fixed Plant

Made up of mechanical, electrical and boilermaker/welder specialists, the Mader Group's fixed plant teams conduct all facets of fixed plant maintenance. Both short and long term preventative maintenance support services are provided, as well as a shutdown team to execute planned critical repairs.

Fabrication

The Mader Group offers light to heavy fabrication and welding services including rigorous design, draft and certification of jobs as required for mobile and fixed plant equipment. The Mader Group's tradespeople are skilled in general fabrication, refurbishment of damaged equipment, equipment inspections, crack testing and thermal lancing.

Lineboring

The Mader Group offers line boring services to repair equipment for both fixed and mobile plants.

The Mader Group has state-of-the-art machining capabilities which allows it to meet precise manufacturer specifications for operators in the resources industry in Australia and around the globe.

Light Machinery

The Mader Group provides light machinery maintenance to its customers in both a field support and rostered capacity. The Mader Group's light vehicle and road transport specialists are engaged to test, diagnose, repair and overhaul light to heavy vehicles operating in both mining and civil industries. The Mader Group's light machinery maintenance tradespeople are available for field service deployment, stand-alone projects, short term solutions and rostered maintenance.

Heavy Mobile Equipment Cleaning

The Mader Group offers team based solutions for heavy mobile equipment wash and cleans. Headed by a team leader, the Mader Clean Team manages its customers' equipment washing services from end-to-end with high standard cleans conducted in a safe and environmentally friendly manner.

Mader Group revenue by capability

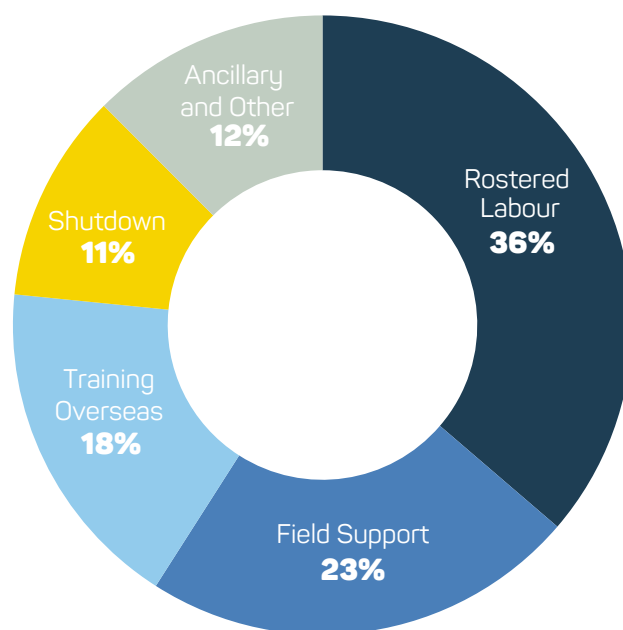


Figure 7 – Mader Group revenue by capability. FY2019 comprises actual financial performance for 11 months to 31 MAY 2019.

7.6 People

The Mader Group has a large in-house pool of skilled employees. The Mader Group's current workforce comprises in excess of 1,100 operational and support personnel. The Mader Group predominantly employs its operational staff on a casual basis but also on a part time and permanent basis. The way the Mader Group employs its operational staff allows greater flexibility for employees, the Mader Group and its customers.

All employees are introduced to the Mader Group's culture through a comprehensive induction process and are provided with ongoing training in health, safety and environment.

- internal advancement co-ordination and management opportunities.

The Mader Group has built a strong name and reputation on the quality of its employees and the specialised services they provide to customers.

The culture of the Mader Group is built on:

- transparent, inclusive workplace environment;
- workplace and lifestyle flexibility;
- career progression including paid training and upskilling;
- pathways to global and interstate career opportunities;
- empowered, responsible and results driven;
- team spirit and comradery; and

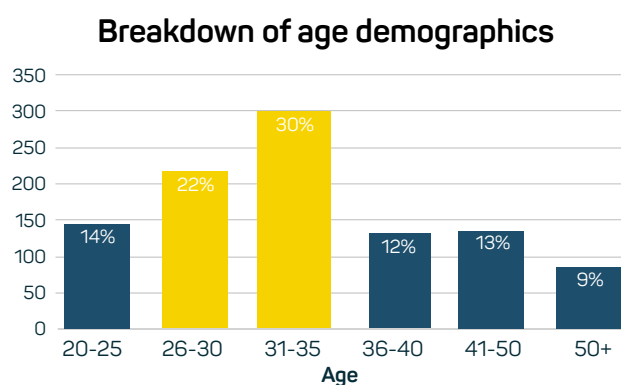
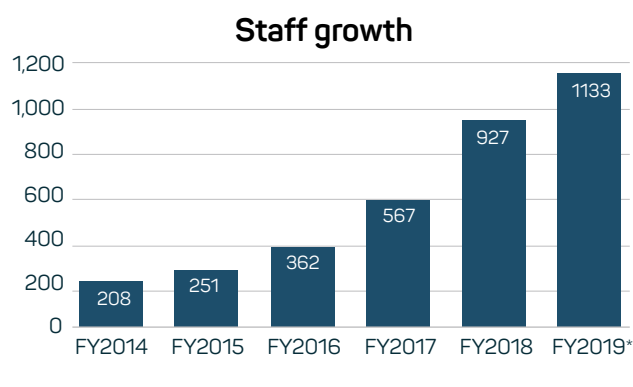


Figure 8 – (Left) Total Mader Group staff growth (FY2014 – FY2019); (Right) Total Mader Group staff by age demographic as at 31 May 2019.

The Mader Group supports its employees through offering:

- flexibility of roster to match the employee's lifestyle;
- flexibility of service location to match the employee's preferred work region;
- options around working on various makes and models of heavy mobile equipment to suit the employee's skillset or to allow employees to grow their skills base;
- leadership and mentorship opportunities;
- a focus on inclusion through regular professional and informal gatherings; and

- bonus structures and reward schemes.

The Mader Group splits its operations into separate business units (divisions). The key features of this structure are:

- divisional teams operating as separate business units with separate accountabilities and profit and loss accounts;
- each division operates with a degree of autonomy and empowerment; and
- divisional leadership teams share in a profit pool with key performance indicators comprising divisional profit, safety and staff retention.

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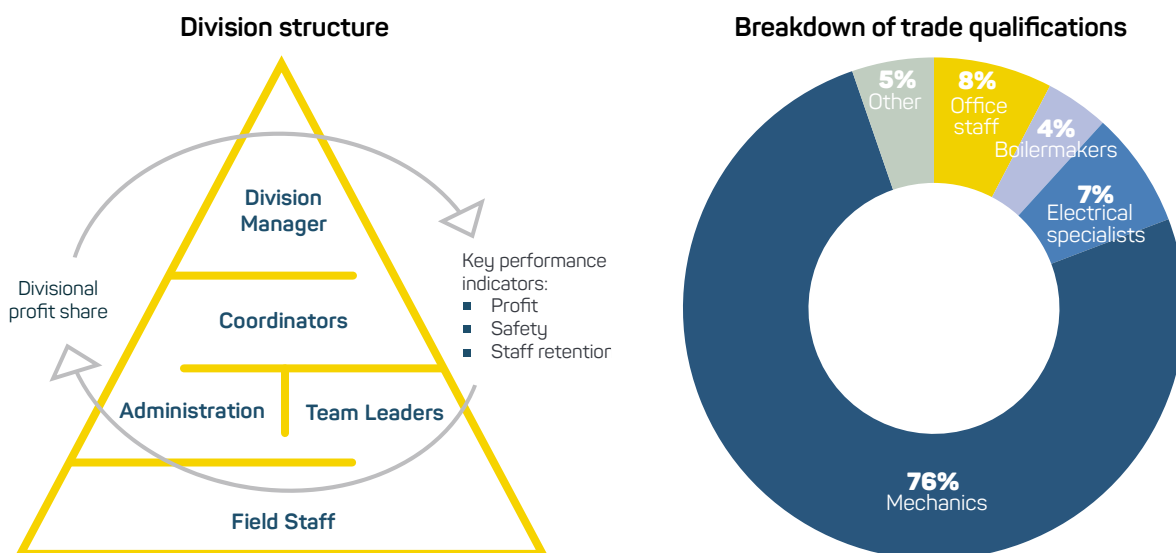


Figure 9 – (Left) Typical Mader Group divisional business model. (Right) Mader labour breakdown by trade qualification

7.7 Management Structure

The success and growth of the Mader Group is driven by management of the Mader Group. The Mader Group's core leadership team, led by the founder Luke Mader, comprises primarily former tradespeople who know the industry well and have long standing

customer relationships. They are complemented by senior executives experienced in business and financial management.

The management structure of the Mader Group is as follows:

Executive Team



Luke Mader
Founder and Executive Director

14.5 years of service



Patrick Conway
Executive Director and CEO

5 years of service



John Greville
Chief Operating Officer

14.5 years of service



Lili Lim
Chief Financial Officer

5 years of service

General Managers

General Manager
WA/SA/NT
8 years of service

General Manager
International
6 years of service

General Manager
Eastern Australia
3 years of service

Division Managers

Manager
Regions (Goldfields)
6 years of service

Manager
Southern Regions
10.5 years of service

Manager
Rostered (Pilbara)
6.5 years of service

Manager
Ancillary (Pilbara)
10.5 years of service

Manager
Shutdown (Pilbara)
3.5 years of service

Manager
Field (Pilbara)
2.5 years of service

Manager
Fixed Plant (WA)
1.5 years of service

Manager
Ancillary (QLD)
1 years of service

Manager
Shutdown (QLD)
3 years of service

Manager
Field (QLD)
2.4 years of service

Manager
Regions (NSW)
6 year of service

7.8 Revenue and Customer Engagement Model

The Mader Group generates most of its revenue by providing various types of contract labour at an hourly rate per tradesperson provided. In the majority of cases, the Mader Group's customers will engage it to supply them with a certain number of skilled tradespeople (as teams or individuals) to provide services for the customer for an estimated period of time. Other types of engagement include:

- the Mader Group being engaged to supply personnel to assist in diagnosing heavy mobile equipment maintenance faults and provide resulting repair services; or
- the Mader Group being engaged to provide a solution to a customer's particular maintenance issue by planning and implementing (with customer approval) an agreed solution to be executed by Mader Group personnel.

The hourly rate charged to customers for the Mader Group's services varies depending on the type of specialised services being provided. Only on rare occasions does the Mader Group enter into a fixed price arrangement for a particular project and these are generally projects where it has substantial

experience and expertise (eg shutdown teams).

For most of its largest customers, the Mader Group has service agreements in place. These agreements do not obligate the customer to provide any particular quantity of work to the Mader Group but set out an agreed schedule of rates for the use of its employees. The typical terms and conditions of the service agreement between the Mader Group and its customers are set out in Section 11.4.

For long-term customers without a service agreement, the Mader Group will agree hourly rates based on a particular project or scope of work. These customers are typically repeat customers and are therefore usually offered rates that have been accepted in the past, with these being reviewed periodically.

A small proportion of the Mader Group's work is provided on an 'ad hoc' basis to customers with hourly rates agreed on a project by project basis.

7.9 Key Markets and Regions

The Mader Group has developed its strategy around service delivery to multiple geographic regions and commodities / industries which allows the business to diversify its income streams and customer base.

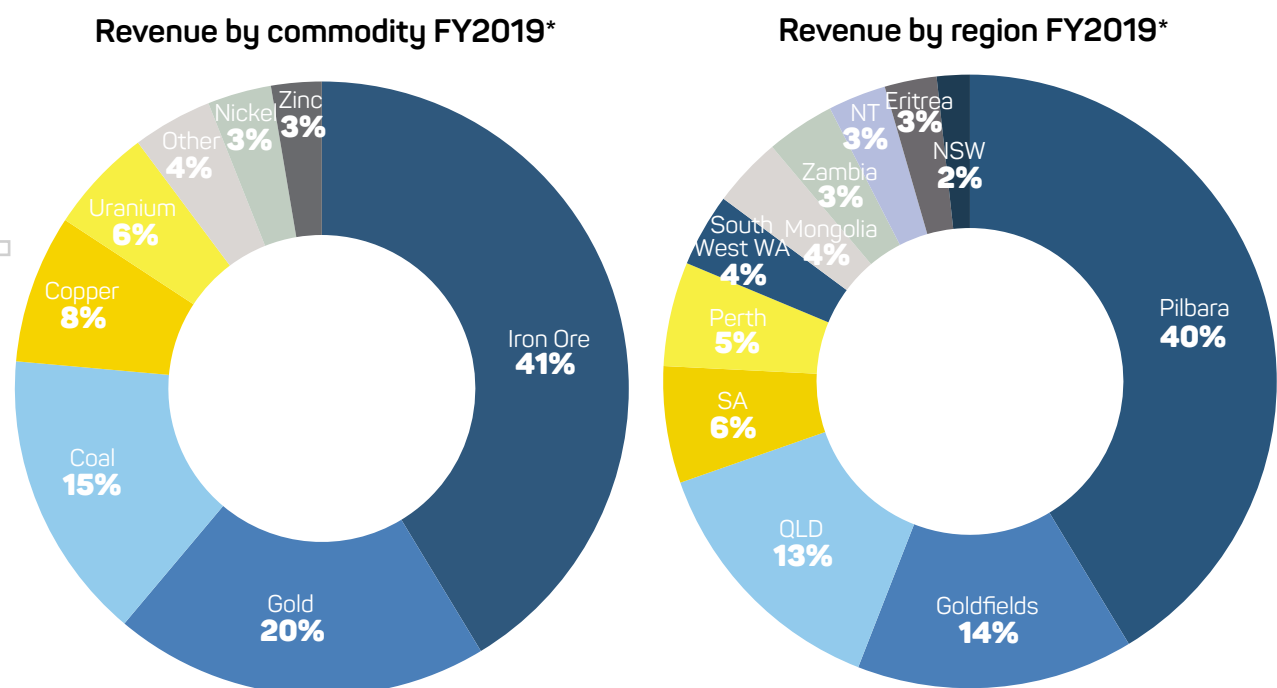


Figure 10 - (Left) Mader Group revenue by commodity for FY2019; (Right) Mader Group revenue by region for FY2019. FY2019 comprises actual financial performance for 11 months to 31 May 2019.

- a. **Pilbara Western Australia - Iron Ore**
(40% of FY2019 Forecast Revenue)
The Western Australian iron ore sector represents the Mader Group's largest revenue source and usually consists of service delivery to large scale projects owned by large mining houses BHP, Rio Tinto and Fortescue Metals Group. The Mader Group is operational at over 20 iron ore sites across Western Australia and provides services primarily to owner miner fleet operators, many of which have been long term customers. The Mader Group's ongoing diversification has seen the proportion of revenue from the Pilbara fall from approximately 57% in FY2016 to approximately 41% in FY2019.
- b. **Goldfields Western Australia - Gold**
(14% of FY2019 Revenue)
The Western Australian gold sector consists of service delivery to mining service contractors, equipment hire contractors and resource companies directly. The Mader Group is operational at over 35 gold sites in Western Australia, and provides services to both open pit operations and underground operations.
- c. **East Coast Australia - Coal**
(15% of FY2019 Revenue)
The East Coast Australia coal sector comprises

of service delivery to large scale projects owned by large mining houses Peabody, Yancoal, BHP Mitsubishi Alliance and BHP Mitsui Coal, as well as key contractors in the regions, Macmahons (TMM), Thiess, and BGC. The Mader Group is operational at over 25 coal sites across Queensland and New South Wales. Coal revenue has grown from zero in FY2016 to now be approximately 15% of revenue for FY2019.

- d. **South Australia - Uranium**
(6% of FY2019 Revenue)
South Australia is underpinned by a key contract with BHP, where the Mader Group supplies tradespeople to the Olympic Dam project.
- e. **Offshore - Gold/Copper/Zinc**
(12% of FY2019 Revenue)
The Mader Group provides mobile equipment and fixed plant technical advisors and technical trainers and mobile equipment shutdown teams to international customers.

7.10 Competitive Position

The Mader Group believes it has a unique competitive position in the market different from both the larger OEMs and smaller contracting businesses. Service providers range from the generally highly skilled, higher cost equipment specialists (OEMs) to the generally lower cost recruitment based labour hire model.

Unique competitive position

MARKET POSITION	SMALL OPERATORS	LABOUR HOUSES	MADER	ORIGINAL EQUIPMENT MANUFACTURERS
VALUE	<ul style="list-style-type: none"> ■ Lower cost 	<ul style="list-style-type: none"> ■ Lower cost 	<ul style="list-style-type: none"> ■ Cheaper than OEMs 	<ul style="list-style-type: none"> ■ Higher cost
FLEXIBILITY	<ul style="list-style-type: none"> ■ Limited in-house employees ■ Response lag 	<ul style="list-style-type: none"> ■ No in-house employees ■ Response lag 	<ul style="list-style-type: none"> ■ In-house employees ■ Fast response 	<ul style="list-style-type: none"> ■ In-house employees ■ Restricted to brand
QUALITY	<ul style="list-style-type: none"> ■ Limited leadership ■ Limited internal training 	<ul style="list-style-type: none"> ■ No leadership ■ No internal training 	<ul style="list-style-type: none"> ■ Skilled leadership team ■ Maintenance labour specialists ■ Highly skilled employees ■ Internal training 	<ul style="list-style-type: none"> ■ Equipment specialists ■ Highly skilled employees ■ Internal training
CAPACITY	<ul style="list-style-type: none"> ■ Low capacity ■ Small internal talent pool 	<ul style="list-style-type: none"> ■ Low capacity – must recruit to meet demand 	<ul style="list-style-type: none"> ■ High capacity - on demand ■ Large talent pool ■ Site support for different equipment brands 	<ul style="list-style-type: none"> ■ Site support for single manufacturer only ■ Restriction to brand and geographical boundaries

Figure 11 – Mader Group view of competitive position

The Mader Group believes that it differs from its competitors on its combination of:

- Value – generally better value than OEMs;
- Quality – high quality tradespeople supported by experienced leadership teams;
- Flexibility – large in-house pool of skilled employees with the ability to support a range of services and equipment brands; and
- Capacity – higher in-house capacity than competitors with rapid response capability

Factors which the Mader Group believe helps it drive value, flexibility, quality and capacity include:

a. Culture

The Mader Group understands the importance of its people to the success of its business and has established a strong and unique culture. See Section 7.6 for further details.

b. Employee Retention

The Mader Group has a history of attracting and retaining employees through a focus on employee engagement, inclusion, upskilling and progression and a genuine interest in the well-being of its employees. See Section 7.6 for further details.

c. Delivery Methodology

The Mader Group's history of successful service delivery reflects its robust management and operational delivery systems. The Mader Group understands the needs and requirements of various customers across multiple jurisdictions and can deliver a service efficiently and effectively while complying with the various site requirements.

d. Diversified Service Options

The Mader Group's flexible business model allows the Mader Group to deliver multiple service options and offerings to its customers. Through its flexible offerings, the Mader Group has been able to differentiate by providing specialised contract labour for maintenance of heavy mobile equipment across multiple rosters, more skill sets and complementary service options to better suit the needs of customers.

e. Experienced Team and Resilient Relationships

The Mader Group's management and co-ordination team have extensive experience in the industry. The team is highly regarded and has built and maintained an extensive network of relationships across key customers and sites, allowing the Mader Group to secure new engagements and repeat service opportunities.

f. Geographic Positioning

The Mader Group has fixed offices in Perth (WA), Kalgoorlie (WA), Mackay (QLD), Hunter Valley (NSW), Hong Kong, Ulaanbaatar (Mongolia) and Solwezi (Zambia) and Denver (USA), and is well located to service key mining regions of Australia and globally. The Mader Group's corporate headquarters are in Perth and the Mader Group also has corporate offices in Hong Kong and Singapore. These fixed places of business provide the Mader Group with proximity to customer, local knowledge and in-country reputation. The Company has recently opened its Denver office as part of its continued geographical diversification strategy. With a growing number of Australian companies developing mineral projects in North America, and leveraging off existing customers with operations in North America, the Mader Group believes the North American business is well placed to expand at a rapid rate.

7.11 Growth Strategy

The Mader Group has a history of strong organic growth which is expected to continue. The Mader Group has grown its revenue base in each of the last 10 completed financial years and predicts further growth in FY2019 and FY2020 (refer to Section 9 for further details).

The Mader Group is active on many of the large scale mining projects across Australia and is active across large scale mining projects internationally. The Board is confident that the Mader Group's leading market position and reputation will enable its business to continue to grow through the ongoing attraction

of quality people and suitably skilled staff and penetration of new and existing resource projects.

Growth in the revenue of the Mader Group is predominantly driven by three factors:

- increase in demand in regions where the Mader Group already operates (both existing and new customers). The Mader Group believes there remains significant revenue growth potential in all regions in which the Mader Group currently operates;
- expansion to new addressable markets where usage of heavy mobile equipment is significant; and
- addition of new ancillary services which are complementary and value add services to the core capabilities of the Mader Group.

Growth in industry demand is affected by:

- total commodity production (more production means more machine stock);
- the average age of existing machinery stock (older machines means more maintenance); and
- the extent to which mining companies outsource maintenance workforce requirements.

The diagram below shows the scale of the addressable market which remains an opportunity for the Mader

Group as part of its expansion. The Mader Group's specific growth strategies include:

a. Replicating its Business Model in New Areas

The Mader Group has a track record of replicating its business models in new areas through geographical expansion. The Mader Group has recently commenced operations in the USA and Chile where it wishes to replicate its success in other markets.

b. Continuing to Diversify by Commodity

The Mader Group is steadily reducing its exposure to any particular commodity. The Mader Group's heritage in the Western Australian market still has the business leveraged to the iron ore production industry, however with continued focus by management, it has reduced this reliance from approximately 57% of revenue in FY2016 to approximately 41% in FY2019 and the Mader Group expects to further reduce this over time. Section 7.9 provides an overview of commodity and regional split of markets. In addition to the markets in section 7.9, the Mader Group plans to leverage opportunities being presented by increasing demand for and mining of lithium in Australia.

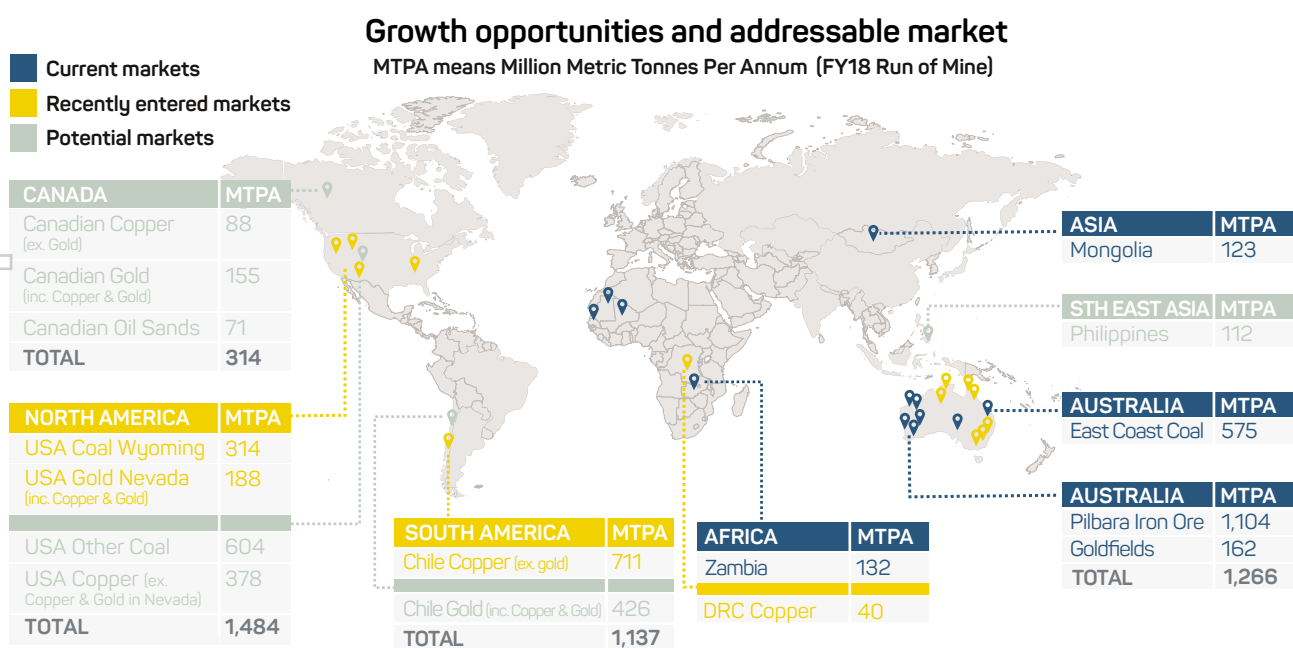


Figure 12 – Growth opportunities and addressable markets. Source: Global Data Intelligence Centre.

Revenue growth by division

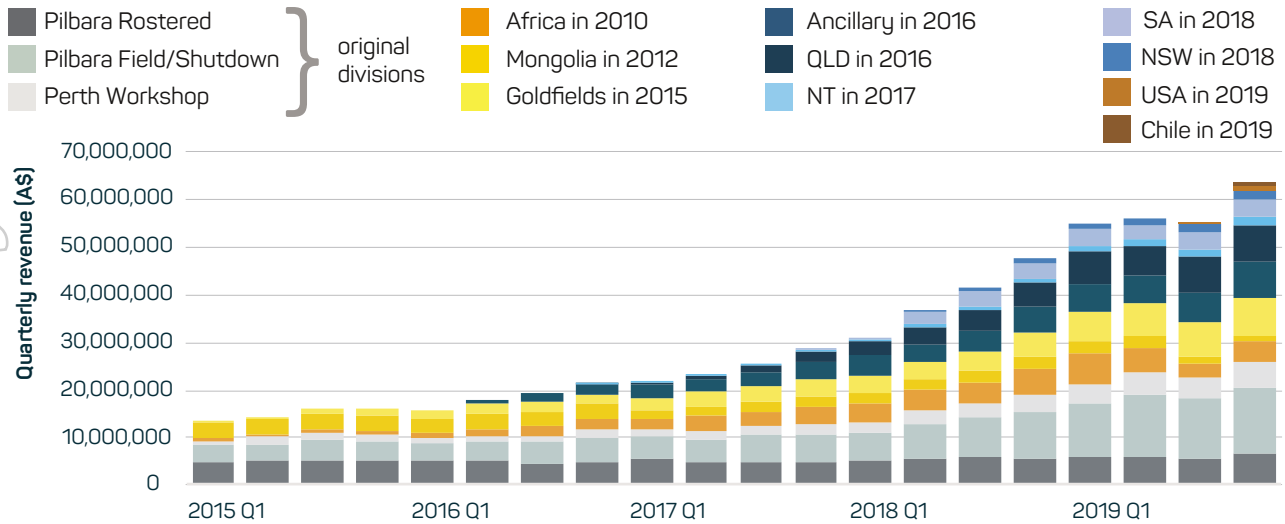


Figure 13 – Mader Group revenue by division (2015 to Current)

c. Being an Employer of Choice

The Mader Group remains committed to improving employee retention through offering employees greater options in terms of flexibility of roster, scope of works, location of works, formal and informal training, focussed management and a pathway for career progression.

d. Continue to Maintain and Develop New Customer Relationships

The Mader Group recognises that continuing to deliver on quality and value to existing customers is critical to the Mader Group maintaining its brand and reputation. The Mader Group plans to build on existing customer relationships to secure additional work with existing customers (via expanding operations and adding new services) and work with new customers. The Mader Group will also focus on ensuring past, existing and prospective customers are aware of its capabilities as these continue to grow.

e. Continue to Expand the Range of Trades Supplied

The Mader Group will continue to grow trades complementary to the Mader Group's existing operations and relating to all aspects of the heavy mobile equipment maintenance to allow end to end delivery of maintenance solutions. The Mader Group currently employs over 100 ancillary services tradespeople, including electricians, boilermakers,

road transport mechanics, light vehicle mechanics and line borers and will focus on expanding these complementary services across all available markets the Mader Group participates in.

7.12 Major Customers and Projects

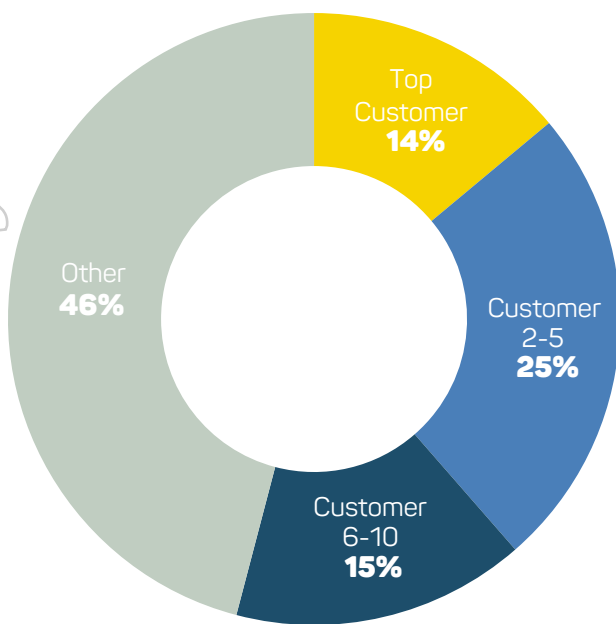
Mader Group's customers include BHP (WA Iron Ore, Nickel West, Olympic Dam, BHP Mitsubishi Alliance, BHP Mitsui Coal), Rio Tinto, Fortescue Metals Group, Citic Pacific Mining, FQM Mining, Oyu Tolgoi (RIO), Macmahon Holdings, Newmont Mining, Barminto, Peabody Energy, Thiess and Barrick Gold.

The Mader Group has long standing, recurring relationships with its top tier customer base developed over an extended period of time. These relationships are built on quality of service and a focus by the Mader Group on its people, culture and reputation. Many of these direct customer relationships are with multiple divisions or sites with the larger companies.

In FY2019 the Mader Group provided approximately 2.3 million hours of specialised contract labour services to over 200 customers.

The Mader Group has recently reduced its reliance on its top 5 customers. Revenue from its top 5 customers dropped from approximately 61% in FY2016 to approximately 39% in FY2019.

Top 10 customers FY2019*



Recurring customers FY2019*

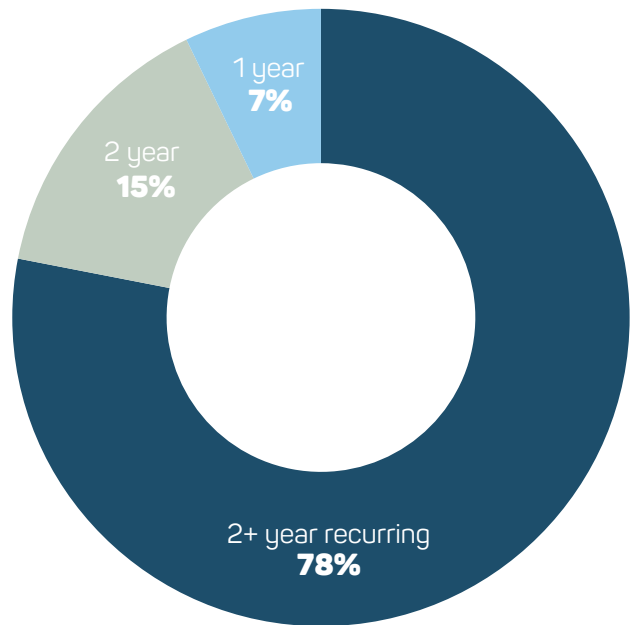


Figure 14 – (Left) Mader Group revenue for FY2019 by customer; (Right) Mader Group revenue for FY2019 by length of service to customer. FY2019 actual financial performance for 11 months to 31 May 2019.

7.13 Health, Safety and Environment

The Mader Group has a strong commitment to the health, safety and wellbeing of its employees and the protection of the environment in the provision of its services. The Mader Group values each employee and acknowledges that the duty of care, responsibilities and obligations are a mutual relationship between the Mader Group and its employees. The Mader Group believes that

all injuries and incidents are preventable and its priority is to prevent any fatalities or injuries arising during the course of employees performing their services.

The total reportable injury frequency rate was 5.3 at 30 June 2018 and at 30 June 2019 was 5.4.

Health, safety environment and quality processes are continuously reviewed and improved to meet the needs of changing workplaces.

TRIFR and LTIFR

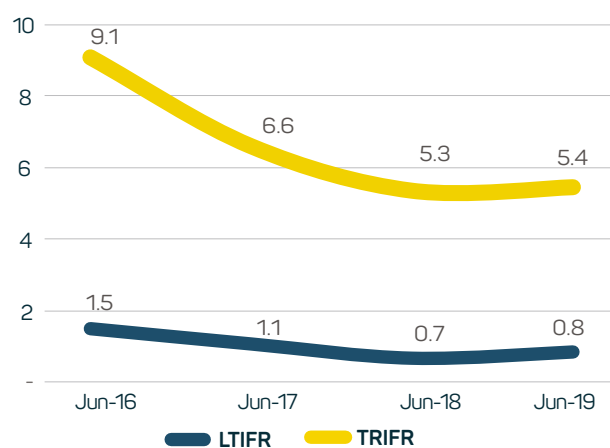


Figure 15 – Mader Group injury frequency rates (June 2016 to June 2019) (LTIFR: Lost-time injury frequency rate; TRIFR: Total recordable injury frequency rate).

7.14 Corporate Social Responsibility

The Mader Group is committed to the goal of upholding business integrity and social responsibility by integrating and balancing social and economic considerations in its governance and decision making. The Mader Group supports a culture of trust in all management and business practices. The Mader Group is committed to acting in good faith and exercising due care, complying with relevant legislation and regulations, and to proactively promoting ethical behaviour.

The Mader Group has, and continues to, make contributions of time and funding to various volunteer projects in the following ways:

a. Sponsorships

The Mader Group recognises the opportunity the resources industry has to improve socio-economic development in remote areas. Through the sponsorship of a broad scope of local regional events, the Mader Group strives to empower communities, improve social dynamics and reduce inequality. The Mader Group is proud to support a growing number of events across Australia and Internationally, such as:

- establishing a relationship with Tom Price Senior High School in Western Australia and supporting the school's Valedictory Award Ceremonies and Career Expos;

- supporting and raising funds for the Ride to Conquer Cancer; and
- various BMX, motorbike, rodeo events and sporting associations across Australia and internationally

b. Volunteer Initiatives

The Mader Group believes participating in corporate volunteer initiatives help its staff establish a sense of purpose critical to maintaining a fulfilled, engaged and productive workforce, whilst also strengthening ties and making a valuable difference in the community. The Mader Group has supported initiatives such as:

- assisting with the construction of an extension project at Kijilamatambo School in Zambia through funding and a lending hand by a select team of the Mader Group's personnel; and
- volunteering at Ronald McDonald house by taking part in the Perth Home for Dinner Program.

7.15 Mader Group Corporate Structure

The corporate structure of the Mader Group is set out in Section 14.4.



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8.0 *Directors,
Key Management
and Corporate
Governance*

8.1 Director Profiles

JAMES (JIM) WALKER

Independent Non-Executive Chairman

Jim has over 40 years' experience in the resources sector and was formerly Managing Director of WestTrac and a Director of Seven Group Holdings and National Hire Group. Jim was also formerly Non-Executive Chairman of Macmahon Holdings Ltd (ASX: MAH) having been a member of the Macmahon board since 2013. He is also currently the Non-Executive Chairman at Austin Engineering Ltd (ASX: ANG), Australian Potash Limited (ASX: APC), Wesley College, the State Training Board, WA Motor Museum and Deputy Chairman of RACWA Holdings Pty Ltd and is a director of MG Kailis Group. Jim has also been a past National President of the Australian Institute of Management.

LUKE MADER

Executive Director

Founder of the Mader Group, Luke is trade qualified with 20 years' experience in the mining services industry. Luke has built the Mader Group to over 1,100 employees after realising an underserved 'niche' in the industry while working in marketing for an original equipment manufacturer. Luke has forged an impressive reputation across major mining regions of Australia and now the world. Luke leads the Mader Group's strategic growth and development to foster global expansion.

PATRICK CONWAY

Executive Director and Chief Executive Officer

Pat has been with the Mader Group for over 5 years and has a background in Public Practice accounting and business advisory including 4 years' experience with a West African gold development project. Pat's qualifications include a Bachelor Degree in Business (Finance and Accounting) and a Graduate Diploma in Applied Corporate Governance.

CRAIG BURTON

Non-Executive Director

Craig is a venture capital investor in emerging companies, projects and businesses. Craig is an active investor in resources, resource services and

technology sectors, with a track record of providing financing backing and strategic advice to successful business teams and start-up entrepreneurs. Craig is the Chairman of Grand Gulf Energy Limited (ASX: GGE) and Cradle Resources Limited (ASX:CXX).

JUSTIN NUICH

INDEPENDENT Non-Executive Director

Justin has over 20 years' experience in the mining and oil and gas industries in Australia and globally. Justin has an MBA and a Graduate Diploma of Maintenance Management. He has held senior roles with FMG and BHP and is currently the General Manager- Assets with Mineral Resources Limited (ASX: MIN). Justin has extensive experience and a successful track record in maintenance management, business improvement and strategic direction of organisations.

8.2 Key Management Personnel

In addition to the Directors set out in Section 8.1, the following persons are key management personnel with the Company.

JOHN GREVILLE

Chief Operating Officer

John commenced with the Mader Group in 2005 and has helped grow the Mader Group from startup to now employing over 1,100 staff across Australia and the world. John is trade trained with a Diploma in Management and has worked in all key operational areas. With 20 years of industry knowledge and experience building successful teams, John is currently managing three direct reports and 1,100 indirect reports while overseeing all operational aspects of the Mader Group as the Chief Operating Officer.

LI LI LIM

Chief Financial Officer

Li Li has 21 years' experience in international finance working alongside major mining names within the manufacturing, shipping and mining industries. Li Li holds a Bachelor of Commerce a Masters in Accounting and she is currently completing a Graduate Diploma in Corporate Governance. Li Li promotes the Mader Group's strategic direction through the implementation of effective financial management across borders.

RICK DILLON

General Manager – Western Australia

Rick is the General Manager of Mader Contracting, encompassing WA, SA and NT operations. Rick has more than 20 years' of experience in the mining and civil industry managing and supervising equipment maintenance operations. Rick is results focused and dedicated to delivering top quality service to all of the Mader Group's customers. Rick has been with the Mader Group since 2011 when the business comprised of 60 employees and has been a key player in growing the business to in excess of 1,100 employees and continues to facilitate the Mader Group's success as General Manager.

RUSSELL WELLS

General Manager – International

Russell is the General Manager for Mader Group's international operations, encompassing Africa, Asia and Latin America. Russell holds a Graduate Certificate in Management and has a strong business background from original equipment manufacturer capital sales to managing a large mining equipment rental business, which positions him well to lead the Mader Group's international operations into the future.

PETER LOCK

General Manager – Eastern States Australia
(until 1 September 2019)

Peter commenced with the Mader Group in 2016 as General Manager (Mader East Coast) and has helped the Mader Group grow to over 150 staff operating in Queensland and New South Wales. Peter has 30 years' experience in the resources industry, including 15 years' working with original equipment manufacturers in operations, product support and sales, three years project managing operations for Downer Mining at Rio Tinto's Argyle Diamonds mine, three years project managing Jundee Gold mine and seven years as General Manager at Ausdrill Group Limited (ASX: ASL). Peter holds a Graduate Certificate in Project Management.

DANIEL BREEZE

General Manager – Eastern States Australia
(from 1 September 2019)

Daniel is currently the Manager for the Group's Goldfields and Northern Territory Divisions and has played an integral role in the growth of market share for the business. Daniel's strong management skills and strict cost control have given rise to the rapid growth of these regions from zero - 170 recoverable employee in just 4 years. Daniel has 17 years' of mobile equipment maintenance experience and strong mining and civil knowledge.

8.3 Directors' Interests

Other than as set out in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

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

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any Director, either to induce that Director to become, or to qualify them as a director of the Company, or otherwise, for services rendered by them in connection with the formation or promotion of the Company or the Offer.

8.4 Directors' Share Holdings and Interests of the Directors in Shares Offered Under the Offer

Directors are not required under the Constitution to hold any Shares. Certain Directors currently have a relevant interest in Shares. Certain Directors have also advised that they intend to subscribe for Shares under the Offer.

Refer to Section 8.5 for further details. Accordingly, the relevant interests of the Directors in Shares on completion of the Offer is set out below:

DIRECTOR	SHARES	
	NUMBER	%
Luke Mader ¹	112,000,000	56.00%
Patrick Conway	111,111	0.05%
Jim Walker	66,666	0.03%
Craig Burton ²	38,000,000	19.00%
Justin Nuich	66,666	0.03%

8.5 Director's Participation in the Offer

Directors (other than Luke Mader and Craig Burton) are entitled to participate in the Leadership Team Offer by subscribing for Shares at the Employee Offer Price. If the Leadership Team Offer is taken up in full the Company may, in consultation with the Lead Manager and Underwriter, allow the Directors to participate in the Priority Offer at the Offer Price. The Directors have advised that they intend to subscribe for the following Shares under the Offer:

- Patrick Conway – 111,111 Shares;
- Jim Walker – 66,666 Shares; and
- Justin Nuich – 66,666 Shares.

None of the Directors hold any options or other right to acquire any Shares.

8.6 Remuneration of Directors

The Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders or, until so, by the Directors.

The aggregate remuneration for Non-Executive Directors has been set by the Board at an amount not to exceed \$300,000 per annum. The Board has resolved that the Non-Executive Directors' fees will be

\$110,000 per annum for the Chairman and \$60,000 per annum for Non-Executive Directors (plus statutory superannuation). Jim Walker is the Non-Executive Chairman, and Craig Burton and Justin Nuich are Non-Executive Directors. Summaries of the material terms of agreement between the Company and Jim Walker (Non-Executive Chairman), Craig Burton (Non-Executive Director) and Justin Nuich (Non-Executive Director) are set out in Section 8.7.

The remuneration of Executive Directors will be fixed from time to time by the Directors and may be paid by way of fixed salary or consultancy fees. A summary of the material terms of the agreement between the Company and Luke Mader (Executive Director) and Patrick Conway (Chief Executive Officer and Executive Director) are set out in Section 8.7.

The annual remuneration (exclusive of statutory superannuation) payable to each of the Directors is as follows:

DIRECTOR	REMUNERATION
Luke Mader	\$2,000 per day
Patrick Conway	\$250,000 p/a
Jim Walker	\$110,000 p/a
Craig Burton	\$60,000 p/a
Justin Nuich	\$60,000 p/a

The remuneration paid to the Directors or their related entities for the preceding two financial years prior to the date of this Prospectus is set out in the table below:

Notes:

¹ Luke Mader received 22,500,000 Shares for the sale of Mader International to the Company (refer to Section 14.3 for further details on the Mader Group restructure). Immediately prior to completion of the Offer, Luke Mader, Amy Mader and their controlled entities will hold 150,000,000 Shares (representing 75% of Shares on issue). Mr Mader and his associates are offering 38,000,000 Shares for sale under the Offer and, accordingly, will receive up to \$38,000,000 (before costs) from the proceeds of the sale of Shares under the Offer. Refer to Section 14.2 for further details on Luke Mader's holding in the Company.

² An entity controlled by Craig Burton, Skye Alba, is an Existing Shareholder. Skye Alba received 7,500,000 Shares for the sale of Mader International to the Company (refer to Section 14.3 for further details on the Mader Group restructure). Immediately prior to completion of the Offer, Skye Alba will hold 50,000,000 Shares (representing 25% of Shares on issue at that time). Skye Alba is offering 12,000,000 Shares for sale under the Offer and accordingly, will receive up to \$12,000,000 (before costs) from the proceeds of the sale of Shares under the Offer. Refer to Section 14.2 for further details on Skye Alba's holding in the Company.

DIRECTOR	YEAR	SALARY AND FEES \$	SUPERANNUATION \$	BONUSES ⁶ \$	TOTAL \$
Luke Mader ¹	FY2019	251,333 ²	10,738	-	262,071
	FY2018	200,000 ³	-	-	200,000
Patrick Conway ⁴	FY2019	245,226	24,042	268,046	537,314
	FY2018	211,068	29,787	104,633	345,488
Jim Walker	FY2019	55,000	5,225	-	60,225
	FY2018	-	-	-	-
Craig Burton ⁵	FY2019	30,000	2,850	-	32,850
	FY2018	-	-	-	-
Justin Nuich	FY2019	30,000	-	-	30,000
	FY2018	-	-	-	-

8.7 Key Terms of Agreements with Directors, Senior Management or Related Parties

LUKE MADER – EXECUTIVE DIRECTOR

The Company and Luke Mader have entered into an executive services agreement for his role as Executive Director.

The principal terms of the agreement are as follows:

- a. A base salary of \$2,000 per day worked for the Company (exclusive of statutory superannuation).
- b. The agreement may be terminated:
 - i by either party without cause with six months' written notice, or in the case of the Company, immediately with payment in lieu of notice;
 - ii by the Company with six months' notice, or immediately with payment in lieu of notice if Mr Mader is unable to perform his services

under the agreement for three consecutive months or a period aggregating to three months in a 12 month period;

- iii by either party with six months' written notice if Mr Mader's role becomes redundant. If the Company terminates the employment of Mr Mader within six months of a Change of Control it will be deemed to be a termination by reason of redundancy. If the Company terminates for reason of redundancy it shall be obliged to pay Mr Mader for any notice period worked. In addition, it will be required to pay any redundancy amount payable under applicable laws, an amount equal to six months' base salary (less tax) and any accumulated entitlements;
- iv by the Company, at any time with written notice and without payment (other than entitlements accrued to the date of

Notes:

¹ Mr Mader is also an Existing Shareholder (refer to Section 8.4 for further details).

² Comprising \$151,333 in base salary and \$100,000 in consulting fees.

³ Comprising \$200,000 in consulting fees.

⁴ Mr Conway is a participant of the Company's leadership bonus scheme (refer to Section 8.8 for further details).

⁵ Comprising \$30,000 in directors fees. Mr Burton is also entitled to receive and \$60,000 in consulting fees for services provided in relation to the Offer. Mr Burton is also the controller of an Existing Shareholder (refer to Section 8.4 for further details).

⁶ Comprises cash bonuses only. No share based payments have been made to Directors in the preceding two financial years.

termination) as a result of any occurrence which gives the Company a right of summary dismissal at common law; and

- v by Mr Mader immediately, by giving notice, if the Company is in breach of a material term of its agreement with him.

- c. Upon termination of the agreement, Mr Mader is subject to a non-compete and non-solicitation of employee restrictions for a period of 12 months following termination employment.

The agreement otherwise contains industry-standard provisions for a senior executive of a public company that is seeking a listing on the Official List of the ASX.

Mr Mader has also entered into a director appointment letter with the Company to act in the capacity of Executive Director.

PATRICK CONWAY – CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Mader Contracting and Patrick Conway have entered into an employment agreement for his role as Chief Executive Officer.

The principal terms of the agreement are as follows:

- a. A base salary of \$250,000 per annum (exclusive of statutory superannuation).
- b. Mr Conway is eligible to participate in the Company's bonus scheme (refer to Section 8.8).
- c. The agreement may be terminated:
 - i By either party without cause with six month's written notice, or in the case of Mader Contracting, immediately with payment in lieu of notice; and
 - ii By Mader Contracting with immediate effect if Mr Conway is guilty of serious misconduct, is convicted of a serious criminal offence or for certain breaches of the agreement (including in relation to Mr Conway's duties and protection of Mader Contracting's intellectual property).
- d. Upon termination of the agreement, Mr Conway is subject to a non-compete and non-solicitation of employee restrictions for a period of six months following termination employment.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

Mr Conway has also entered into a director appointment letter with the Company to act in the capacity of Executive Director.

JOHN GREVILLE – CHIEF OPERATING OFFICER

Mader Contracting and John Greville have entered into an employment agreement for Mr Greville's role as Chief Operating Officer of Mader.

The principal terms of the agreement are as follows:

- a. A base salary of \$220,000 per annum (exclusive of statutory superannuation).
- b. Mr Greville is eligible to participate in the Company's bonus scheme (refer to Section 8.8).
- c. The agreement may be terminated:
 - i By either party without cause with six month's written notice, or in the case of the Mader Contracting, immediately with payment in lieu of notice; and
 - ii By the Mader Contracting with immediate effect if Mr Greville is guilty of serious misconduct or is convicted of a serious criminal offence.
- d. Upon termination of the agreement, Mr Greville is subject to a non-compete and non-solicitation of employee restrictions for a period of 12 months following termination employment.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

LI LI LIM - CHIEF FINANCIAL OFFICER

Mader Contracting and Li Li Lim have entered into an employment agreement for Mrs Lim's role as Chief Financial Officer.

The principal terms of the agreement are as follows:

- a. A base salary of \$170,000 per annum (exclusive of statutory superannuation).
- b. Mrs Lim is eligible to participate in the Company's bonus scheme (refer to Section 8.8).
- c. The agreement may be terminated:
 - i By either party without cause with six month's written notice, or in the case of the Mader Contracting, immediately with payment in lieu of notice; and

- ii By the Mader Contracting with immediate effect if Ms Lim is guilty of serious misconduct or is convicted of a serious criminal offence.
- d. Upon termination of the agreement, Ms Lim is subject to a non-compete and non-solicitation of employee restrictions for a period of 12 months following termination employment.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

RICK DILLON – GENERAL MANAGER – WESTERN AUSTRALIA

Mader Contracting and Rick Dillon have entered into an employment agreement for Mr Dillon’s role as General Manager.

The principal terms of the agreement are as follows:

- a. A base salary of \$200,000 per annum (exclusive of statutory superannuation).
- b. Mr Dillon is eligible to participate in the Company’s bonus scheme (refer to Section 8.8).
- c. The agreement may be terminated:
 - i By either party without cause with six month’s written notice, or in the case of the Mader Contracting, immediately with payment in lieu of notice; and
 - ii By the Mader Contracting with immediate effect if Mr Dillon is guilty of serious misconduct, is convicted of a serious criminal offence or for certain breaches of the agreement (including in relation to Mr Dillon’s duties and protection of Mader Contracting’s intellectual property).
- d. Upon termination of the agreement, Mr Dillon is subject to a non-compete and non-solicitation of employee restrictions for a period of six months following termination employment.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

RUSSELL WELLS – GENERAL MANAGER – INTERNATIONAL

Mader International and Russell Wells have entered into an employment agreement for Mr Wells’ role as General Manager.

The principal terms of the agreement are as follows:

- a. A base salary of USD153,380 per annum (exclusive of statutory superannuation).
- b. Mr Wells is eligible to participate in the Company’s bonus scheme (refer to Section 8.8).
- c. The agreement may be terminated:
 - i By either party without cause with 6 month’s written notice, or in the case of the Mader International, immediately with payment in lieu of notice; and
 - ii By the Mader International with immediate effect if Mr Wells is guilty of serious misconduct or is convicted of a serious criminal offence.
- d. Upon termination of the agreement, Mr Wells is subject to a non-compete and non-solicitation of employee restrictions for a period of 12 months following termination employment.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

PETER LOCK – GENERAL MANAGER – EASTERN STATES AUSTRALIA (UNTIL 1 SEPTEMBER 2019)

Mader Queensland and Peter Lock have entered into an employment agreement for Mr Locks’ role as General Manager. Peter is originally from Western Australia and will be returning to Western Australia to work in the Mader Group head office. Accordingly, on 1 September 2019 Peter will hand over his role as General Manager - Eastern States Australia to Daniel Breeze.

The principal terms of the agreement are as follows:

- a. The agreement is for a fixed term to 1 September 2019.
- b. A base salary of \$220,000 per annum (exclusive of statutory superannuation).
- c. Mr Lock is eligible to participate in the Company’s bonus scheme (refer to Section 8.8, but only in relation to Mader Queensland).
- d. The agreement may only be terminated prior to the expiry of the term by Mader Queensland with immediate effect if Mr Lock is guilty of serious misconduct, is convicted of a serious criminal offence or for certain breaches of the agreement (including in relation to Mr Lock’s duties and protection of Mader Queensland’s intellectual property).

- e. Upon termination of the agreement, Mr Lock is subject to a non-compete and non-solicitation of employee restrictions for a period of six months following termination employment.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

DANIEL BREEZE – GENERAL MANAGER – EASTERN STATES AUSTRALIA (FROM 1 SEPTEMBER 2019)

Daniel Breeze is taking over from Peter Lock in the role of General Manager – Eastern States from 1 September 2019. Daniel is currently the Manager for the Group's Goldfields and Northern Territory Divisions.

Mader Queensland and Daniel Breeze have entered into an employment agreement for Mr Breeze's role as General Manager.

The principal terms of the agreement which take effect on 1 September 2019 are as follows:

- a. A base salary of \$200,000 per annum (exclusive of statutory superannuation).
- b. Mr Breeze is eligible to participate in the Company's bonus scheme (refer to Section 8.8).
- c. The agreement may be terminated:
 - i. By either party without cause with six month's written notice, or in the case of the Mader Queensland, immediately with payment in lieu of notice; and
 - ii. By the Mader Queensland with immediate effect if Mr Breeze is guilty of serious misconduct, is convicted of a serious criminal offence or for certain breaches of the agreement (including in relation to Mr Breeze's duties and protection of Mader Contracting's intellectual property).
- d. Upon termination of the agreement, Mr Breeze is subject to a non-compete and non-solicitation of employee restrictions for a period of six months following termination employment.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

NON-EXECUTIVE CHAIRMAN

The Company has entered into an agreement with Jim Walker in respect of his appointment as a Non-Executive Chairman of the Company.

Mr Walker is paid a fee of \$110,000 per annum (exclusive of statutory superannuation) for his services as Non-Executive Chairman and is also entitled to be reimbursed for all reasonable expenses incurred in performing his duties. The appointment of Mr Walker as Non-Executive Chairman is otherwise on terms that are customary for an appointment of this nature.

NON-EXECUTIVE DIRECTORS

The Company has entered into an agreement with each of Craig Burton and Justin Nuich in respect of their appointments as a Non-Executive Directors of the Company. Each are paid a fee of \$60,000 per annum (exclusive of statutory superannuation) for their services Non-Executive Directors and are each also entitled to be reimbursed for all reasonable expenses incurred in performing their duties.

The appointments of Messrs Burton and Nuich as Non-Executive Directors are otherwise on terms that are customary for appointments of this nature.

DEEDS OF INDEMNITY, INSURANCE AND ACCESS

The Company is party to deeds of indemnity, insurance and access with each of the Directors. Under these deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect board papers in certain circumstances.

SHANNON COATES – COMPANY SECRETARY

The Company has engaged Shannon Coates through Evolution Corporate Services to provide company secretary services to the Company. Mrs Coates will receive a monthly fee of \$5,000 (plus GST) for this role. Mrs Coates will also receive a fee of \$250 (plus GST) per hour for any additional tasks outside of the scope of the company secretarial services provided to the Company. The Company will also be responsible for all out of pocket expenses to provide company secretarial services or any additional tasks for the Company.

These services will continue after the successful admission of the Company to the Official List of the ASX unless terminated by either party by giving 3 months' notice in writing or immediately upon notice in the event either Evolution Corporate Services or the Company commits a material breach of the agreement between them, becomes bankrupt or insolvent or is guilty of fraud or wilful misconduct.

8.8 Bonus scheme

The Company has a bonus scheme in place which applies to members of the leadership team of the Company who are invited to participate in the scheme by the Company.

The Company will assess the participant's performance of their duties and contributions made to the Company's business to determine if a bonus will be paid. If the participant is to receive a bonus, the participant may be entitled to receive a cash bonus at the end of the financial year equal to a percentage of the NPBT of the Company made over an "initial base line". The initial base line is set by the Company and is generally linked to the NPBT of the Company for the financial year in which the participant's employment with the Company commenced. The NPBT is generally calculated including all entities within the Mader Group. Other terms may apply to a participant's bonus regime which are specific to a participant's role in the Company.

If a participant is on an approved leave of absence or long service leave for part of a financial year, any bonus payable to them will be pro-rated based on the actual time worked by the participant in the financial year. If a participant's employment with the Company is terminated, either through dismissal or resignation, then the participant will not be entitled to future bonuses, including for the financial year in which the participant's employment was terminated.

8.9 Corporate Governance

This summary identifies the key corporate governance policies and practices adopted by the Company's Board. The Board is committed to ensuring continued investor confidence in the operations of the Company and in maintaining high standards of corporate governance in the performance of their duties.

The Role of the Board

The role of the board of Directors is to provide strategic guidance to the Company (and its related bodies corporate), effective oversight of management and to provide a sound base for a culture of good corporate governance within the Company.

The Board will always retain ultimate authority over the management and staff of the Company and its related bodies corporate.

In performing its role, the Board should act, at all times:

- in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its Shareholders, as well as its employees, customers and the community;
- in a manner designed to create and continue to build sustainable value for Shareholders;
- in accordance with the duties and obligations imposed upon them by the Company's constitution and applicable law; and
- with integrity and objectivity, consistently with the ethical, professional and other standards set out in the Company's corporate governance policies.

To assist the Company in carrying out its responsibilities, the Board has established an Audit Committee and a Remuneration and Nomination Committee.

Responsibilities of the Board

The responsibilities of the Board include:

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

Composition of the Board

Under the Company's constitution, the minimum number of Directors is three and the maximum number is 10. The Board at the date of this Prospectus

comprises of five Directors, namely Luke Mader, Patrick Conway, Jim Walker, Craig Burton and Justin Nuich.

Of the Company's five Directors, two are considered to be independent, being Jim Walker and Justin Nuich.

Mr Nuich was previously employed with Fortescue Metals Group (most recently as Maintenance Manager Christmas Creek) and is currently employed as General Manager Assets at Mineral Resources Ltd. Both Fortescue Metals Group and Mineral Resources Ltd are customers of the Company. Notwithstanding these roles, the Board has determined that Mr Nuich is independent as such roles currently do not, and are reasonably unlikely to, interfere with his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and Shareholders generally.

The Company does not consider Luke Mader and Craig Burton to be independent because they are each a significant shareholder of the Company (either directly or through controlled entities). The Company does not consider Patrick Conway to be independent because the Company employs him as Chief Executive Officer and Executive Director.

The Directors consider the size and composition of the Board is appropriate given the current size, status and operations of the Company.

Each Director is bound by all of the Company's charters, policies and codes of conduct. If the Board determines it is appropriate or necessary, they may establish additional committees (in addition to the committees of the Board which have already been established as outlined below) to assist in carrying out various responsibilities of the Board. Such additional committees will be established by a formal charter.

The responsibility for the day to day operation and administration of the Company is delegated by the Board to the Chief Executive Officer.

The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board.

Committees

The Board has established the following committees:

Audit and Risk Committee

PURPOSE

The role of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to:

- the reliability and integrity of financial information for inclusion in the Company's financial statements;
- audit, accounting and financial reporting obligations of the Company;
- safeguarding the independence of the external auditor; and
- financial risk management.

In particular, the Committee is to undertake the functions of the Audit and Risk Committee referred to in the Corporate Governance Principles and Recommendations (3rd Edition) issued by ASX Corporate Governance Council (**ASX Recommendations**).

COMPOSITION

The Audit and Risk Committee Charter provides that the Audit and Risk Committee is to consist of at least three financially literate Non-Executive Directors, a majority of whom should be independent. The Board appoints the members of the committee and its chairman. The Audit and Risk Committee presently comprises the full Board. Justin Nuich acts as the chairman of the Audit and Risk Committee.

Remuneration and Nomination Committee

PURPOSE

The role of the Remuneration and Nomination Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to:

- remuneration policies for Non-Executive Directors;
- remuneration policies for Executive Directors;
- remuneration policies for executive management;
- equity participation;

- e. human resources policies; and
- f. other matters referred to the committee by the Board.

In particular, the Committee is to undertake the functions of the Remuneration Committee and Nomination Committee referred to in the ASX Recommendations.

COMPOSITION

The ASX Recommendations provide that the Remuneration and Nomination Committee should comprise at least three members, all of whom should be Non-Executive Directors, and a majority of whom must be independent.

The Remuneration and Nomination Committee presently comprises the full Board. Jim Walker acts as the chairman of the Remuneration and Nomination Committee.

AUDIT AND RISK COMMITTEE CHARTER

The Audit and Risk Committee Charter states the roles and responsibilities of the Audit Committee in performing its function to oversee the Company's internal and external audit matters. The primary role of the Audit and Risk Committee is set out in the table above.

REMUNERATION AND NOMINATION COMMITTEE CHARTER

The Remuneration and Nomination Committee Charter sets out the policy and procedures for remuneration of officers and senior management, including in relation to the Executive Directors, to ensure that they are fair and reflect market conditions. The primary role of the Remuneration and Nomination Committee is set out in the table above.

INDEPENDENT PROFESSIONAL ADVICE

The Directors are entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. Such advice may be sought in accordance with the procedures set out in the Board charter.

SHARE TRADING POLICY

The Company has adopted a formal policy for dealing in the Company's Shares by Directors and employees

and their related entities (in accordance with Listing Rule 12.9). The share trading policy provides that Directors and key management personnel should:

- a. not deal in the Company's shares while in possession of price sensitive, non-public information; and
- b. only trade in the Company's shares after receiving clearance to do so from a designated clearance officer, where clearance may not be provided in defined "blackout periods".

The share trading policy is available on the Company's website at www.madergroup.com.au/investors.

REMUNERATION POLICY

The Company has adopted a remuneration policy designed to align individual and team reward and encourage executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

- a. annual salary with provision to recognise the value of the individuals' personal performance and their ability and experience;
- b. rewards, bonuses, commissions, special payments and other measures available to reward individuals if deemed appropriate;
- c. annual bonuses applicable to leadership team paid (refer to Section 8.8 for further details);
- d. other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year.

Remuneration of executives will be reviewed annually by the Board. Determination of Non-Executive Director's fees is with regard to the long term performance of the Company.

CONTINUOUS DISCLOSURE POLICY

The Company, as a listed public company, is required to disclose price sensitive information to the market as it becomes known to comply with the continuous disclosure requirements of the Corporations Act and the Listing Rules.

The continuous disclosure policy of the Company ensures that all Shareholders and investors have equal access to the Company's information, to the extent practicable. Price sensitive information will be disclosed by way of an announcement to ASX and placed on the Company's website.

DIVERSITY POLICY

The Company has adopted a diversity policy which sets out the Company's objectives for achieving diversity amongst its board, management and employees.

WHISTLEBLOWER PROTECTION POLICY

The Company has adopted a whistleblower protection policy which establishes mechanisms and procedures for employees to report unethical or illegal conduct in a manner which protects the whistleblower and gathers the necessary information for the Company to investigate such reports and act appropriately.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Company has adopted an anti-bribery and anti-corruption policy which sets out the Company's requirements in relation to interactions with third parties in both the public and private sector, forbidding corrupt interactions with such individuals.

SHAREHOLDER COMMUNICATION

The Board strives to ensure that Shareholders are provided with full and timely information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders:

- a. through the release of information to the market via ASX;
- b. through the distribution of the annual report and notice of annual general meeting;
- c. through letters and other forms of communications directly to Shareholders; and
- d. by posting relevant information on the Company's website.

ETHICAL STANDARDS AND BUSINESS CONDUCT

The Board recognises the need for Directors and

employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the Board intends to maintain a reputation for integrity. The Company's business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of the Company. The code of conduct and further details of these standards can be found on the Company's website.

RISK MANAGEMENT AND INTERNAL COMPLIANCE AND CONTROL

The identification and proper management of the Company's risks are an important priority of the Board, and the Company is committed to designing and implementing systems and methods appropriate to minimise and control its risks. The Board has adopted a risk management policy which sets out the accountabilities and responsibilities of the Board, the Executive Directors, senior Management, the Company Secretary and all other employees of the Company in relation to risk management. The Board has overall responsibility for the identification, understanding and monitoring of key strategic risks affecting the Company, while the Audit Committee is responsible for the oversight of the Company's financial risk management processes.

ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Where possible and having regard to the size and nature of the Company's operations, the Board has adopted the Corporate Governance Principles and Recommendations (3rd Edition) issued by ASX Corporate Governance Council. As a listed entity the Company will be required to report any departures from the principles and recommendations in its annual report. The Company's proposed departures from the principles and recommendations, as at the date of re-admission to the Official List, are set out in the table below.

Recommendation**1.5(c)****NATURE OF DEPARTURE**

Measurable objectives for achieving gender diversity have not been established or disclosed.

EXPLANATION FOR DEPARTURE

The Board has not yet set measurable gender diversity objectives given the current size and stage of its operations. The Company is currently seeking admission to the Official List of ASX and, as the Company grows, will seek to develop a reporting framework to report the Company's progress against the objectives and strategies for achieving a diverse work place and which can be used as a guide to identify new Directors, senior executives and employees.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) will be disclosed annually in the Company's Annual Report. As at the date of admission to ASX, all Directors are male, and the three executive roles comprise two males and one female. The role of Company Secretary is held by a female contractor to the Company.

Recommendation**2.1(a)****NATURE OF DEPARTURE**

The board of a listed entity should have a nomination committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.

EXPLANATION FOR DEPARTURE

The Nomination and Remuneration Committee currently comprises the full Board. It is chaired by independent Director, Mr Jim Walker. Its membership does not currently comprise a majority of independent Directors, however, the Board has formed the view that the current membership of the Committee is appropriate for the Company at its current stage, but will review this on an ongoing basis.

Recommendation**2.4****NATURE OF DEPARTURE**

A majority of the board of a listed entity should be independent directors.

EXPLANATION FOR DEPARTURE

The Board does not comprise of a majority of independent Directors. The current Board composition comprises three non-independent Directors and two independent Non-Executive Directors. The Board considers the industry, operations and technical experience the executive Directors Messrs Mader and Conway and the commercial experience Mr Burton brings will assist the Company in meeting its corporate objectives and therefore a majority of independent Directors are not required. This will be reviewed as the Company develops.

Recommendation**4.1(a)****NATURE OF DEPARTURE**

The board of a listed entity should have an audit committee which has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors, and is chaired by an independent director, who is not the chair of the board.

EXPLANATION FOR DEPARTURE

The Audit and Risk Committee currently comprises the full Board. It is chaired by independent Director, Mr Justin Nuich. Its membership does not currently comprise only Non-Executive Directors or a majority of independent Directors. However, the Board has formed the view that the current membership of the Committee is appropriate for the Company at its current stage but will review this on an ongoing basis.

Recommendation**7.1(a)****NATURE OF DEPARTURE**

The board of a listed entity should have a committee or committees to oversee risk each of which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.

EXPLANATION FOR DEPARTURE

The Audit and Risk Committee currently comprises the full Board. It is chaired by independent Director, Mr Justin Nuich. Its membership does not currently comprise only Non-Executive Directors or a majority of independent Directors. However, the Board has formed the view that the current membership of the Committee is appropriate for the Company at this stage but will review this on an ongoing basis.

Recommendation

8.1(a)

NATURE OF DEPARTURE

The Board of a listed entity should have a remuneration committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director.

EXPLANATION FOR DEPARTURE

The Nomination and Remuneration Committee currently comprises the full Board. It is chaired by independent Director, Mr Jim Walker. Its membership does not currently comprise a majority of independent Directors. However, the Board has formed the view that the current membership of the Committee is appropriate for the Company at this stage but will review this on an ongoing basis.

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9.0 *Financial Information*



9.1 Introduction

(a) Mader Group Restructure

Historically the business which comprises that of the Mader Group was operated in Australia through wholly owned subsidiaries of the Company (Mader Contracting and Mader Queensland) and internationally through Mader International and its wholly owned subsidiaries (Mader Gobi LLC and Mader Mechanical Ltd).

Mader International historically had common ownership with the Company but did not operate as a subsidiary of the Company. However, Mader International was restructured such that Mader International became a wholly owned subsidiary of the Company. This restructure was completed on 30 June 2019.

Accordingly, Historical Financial Information for the financial years ended 30 June 2018 (**FY2018**) and 30 June 2017 (**FY2017**) and the half-years ended 31 December 2018 (**1H2019**) and 31 December 2017 (**1H2018**), were prepared separately for the Company and Mader International.

The current structure of the Mader Group is set out in Section 14.4.

(b) Overview

The pro forma financial information (**Pro Forma Financial Information**) and forecast financial information (**Forecast Financial Information**) of the Mader Group (together, the **Financial Information**) contained in this Section 9 has been prepared by the Directors.

The table in Section 9.2(b) below shows the basis of preparation of historical financial information (**Historical Financial Information**) used as the basis for preparing the Pro Forma Financial Information presented in this Section 9. Please see Section 9.2, "Basis for Preparation and Presentation of the Financial Information" for more detail.

Due to the recent restructuring resulting in Mader International being a wholly owned subsidiary of the Company, the Pro Forma Financial Information presented in this Section 9 has been prepared on a consolidated basis as if the current Mader Group structure had been in place during FY2017, FY2018 and 1H2019.

The Pro Forma Financial Information comprises:

- The Pro Forma Consolidated Statements of Comprehensive Income for FY2018 and FY2017 (**FY Pro Forma Consolidated Statements of Comprehensive Income**);
- The Pro Forma Consolidated Statements of Comprehensive Income for 1H2019 and 1H2018 (**HY Pro Forma Consolidated Statements of Comprehensive Income**);
- The Pro Forma Consolidated Statements of Cash Flows for FY2018 and FY2017 (**FY Pro Forma Consolidated Cash Flow Statements**);
- The Pro Forma Consolidated Statements of Cash Flows for 1H2019 and 1H2018 (**HY Pro Forma Consolidated Cash Flow Statements**);
- The Pro Forma Consolidated Statement of Financial Position as at 31 December 2018 (**Dec 18**) (**Pro Forma Consolidated Statement of Financial Position**); and
- The Pro Forma Consolidated Statement of Financial Position as at 31 Dec 18 following the Offer (**Adjusted Pro Forma Consolidated Statement of Financial Position**).

The Forecast Financial Information comprises:

- The Forecast Pro Forma Consolidated Income Statement for the financial years ending 30 June 2019 (**FY2019**) and 30 June 2020 (**FY2020**) (**FY Pro Forma Forecast Consolidated Financial Performance**); and
- The Forecast Pro Forma Consolidated Statement of Cash Flows for FY2019 and FY2020 (**FY Pro Forma Forecast Consolidated Cash Flows**).

The Financial Information has been reviewed by BDO Corporate Finance (WA) Pty Ltd (**BDO**), whose Independent Limited Assurance Report is contained in Section 13. Potential investors should note the scope and limitations of the Independent Limited Assurance Report.

The information in this Section 9 should be read in conjunction with the risk factors set out in Section 10 and other information contained in this Prospectus.

The Mader Group operates on a financial year ending 30 June and a half-year ending 31 December.

All amounts disclosed in the tables are presented in Australian dollars, and unless otherwise noted, are rounded to the nearest thousand dollars.

9.2 Basis of Preparation and Presentation of the Financial Information

(a) Overview

The Financial Information presented in this Section 9 has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and the significant accounting policies set out in Section 9.8.

The Financial Information is presented in an abbreviated form and does not contain all the disclosures and comparative information that are usually provided in an annual report prepared in accordance with the Australian Accounting Standards and the Corporations Act.

(b) Preparation of Historical Financial Information

The table below shows the basis of preparing of the Historical Financial Information for the relevant periods:

HISTORICAL FINANCIAL STATEMENTS	ASSURANCE
1H2019	
Mader Group Ltd (consolidated)	Reviewed (BDO)
Mader International Ltd (consolidated)	Reviewed (BDO)
FY2018	
Mader Group Ltd (consolidated)	Audited (BDO)
Mader International Ltd (consolidated)	Audited (East Asia Sentinel)
FY2017	
Mader Group Ltd (standalone)	Audited (BDO)
Mader Queensland Pty Ltd (standalone)	Audited (BDO)

HISTORICAL FINANCIAL STATEMENTS**ASSURANCE**

Mader Contracting Pty Ltd (standalone)	Audited (AMD Chartered Accountants)
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Mader International Ltd (consolidated)	Audited (East Asia Sentinel)
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FY2016

Mader Group Ltd (standalone)	Audited (BDO)
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Mader Queensland Pty Ltd (standalone)	Audited (BDO) (as part of FY2017 financial statements)
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Mader Contracting Pty Ltd (standalone)	Audited (AMD Chartered Accountants)
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Mader International Ltd (consolidated)	Audited (East Asia Sentinel)
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The Pro Forma Consolidated Statement of Financial Position is made up of:

- The Consolidated Statement of Financial Position of the Company and its Australian subsidiaries, other than Mader Corporation which is included for 1H2019 (being all entities involved in the Mader Group's Australian operations - refer to the corporate chart in Section 14.4 further details);
- The Consolidated Statement of Financial Position of Mader International and non-Australian subsidiaries (being all foreign subsidiaries, other than Mader Corporation, Mader Chile SPA and Mader DRC SARLU involved in the Company's international operations - refer to the corporate chart in Section 14.4 further details);
- The Directors' best estimate assumptions with regard to selected adjustments ("**Pro Forma Adjustments**") to reflect:
 - the Mader Group restructure involving the issue of 30,000,000 Shares to certain Existing Shareholders for the acquisition of 100% of Mader International Ltd, the restructure of existing preference Shares in the Company such that the Company only has Shares on issue and the reorganisation of the Company's existing capital structure (refer to Section 14.3 for further details);
 - the payment of dividends to Existing Shareholders totaling \$8,558,213 post 31 December 2018;
 - the repayment of a loan from the Company to related parties of \$469,468 post 31 December 2018; and
 - transaction costs and associated GST.

Mader Corporation commenced operations in July 2018 and, accordingly, does not form part of the consolidated accounts of the Mader Group for FY2018 but is included in the Pro Forma Consolidated Statement of Financial Position of the Company for 1H2019. Mader Chile SPA and Mader DRC SARLU commenced operations in FY2019 and, accordingly, does form part of Pro Forma Consolidated Statement of Financial Position of the Mader Group for FY2017, FY2018 or 1H2019.

The Pro Forma Adjustments aim to reflect the effect on the Mader Group as if the above Pro Forma Adjustments occurred on 31 December 2018.

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

(c) **Preparation of Forecast Financial Information**

The Directors believe that the Forecast Financial Information has been prepared with due care and attention, and considers all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus.

The Forecast Financial Information comprises of the actual results for the 10 months ended 30 April 2019, forecast results for the two months ending 30 June 2019 (collectively resulting in the forecast for the full financial year ending 30 June 2019) and the forecast for the financial year ending to 30 June 2020.

The Forecast Financial Information has been prepared based on numerous assumptions, including the best estimate assumptions set out in Section 9.6(b). This information is intended to assist potential investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on the Mader Group's actual financial performance or financial position.

The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation of the Historical Financial Information.

(d) **New Accounting Standards**

A number of new accounting standards have been issued, but had not taken effect in any of the financial periods to which the Historical Financial Information relates. Those accounting standards, which are listed below, will be adopted by the Mader Group at the date of mandatory adoption (as indicated below):

- *AASB 9 Financial Instruments*, which will be applied with respect to financial reporting periods beginning on or after 1 January 2018;
- *AASB 15 Revenues from Contracts with Customers*, which will be applied with respect to financial reporting periods beginning on or after 1 January 2018; and
- *AASB 16 Leases*, which will be applied with respect to financial reporting periods beginning on or after 1 January 2019.

The Directors have considered the impact of *AASB 9 Financial Instruments* and *AASB 15 Revenues from Contracts with Customers* and do not expect them to have a significant impact on the financial position or results of the Mader Group. As a result, the FY Statutory Forecast Consolidated Income Statement and HY Statutory Forecast Consolidated Income Statement show the impact of those new standards.

AASB 16 Leases (AASB 16), the new standard on accounting for leases, is applicable to annual reporting periods beginning on or after 1 January 2019 in Australia. Under AASB 16, a lease liability is recognised for all leases other than leases of low value assets or leases with a duration of 12 months or less. The lease liability is measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. A corresponding right-of-use asset is also recognised, representing the right to use the leased asset over the lease term. Subsequent to initial measurement lease liabilities increase as a result of interest charged at a

constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

The Mader Group will only apply *AASB 16 Leases* with respect to financial periods commencing on or after 1 January 2019. The Pro Forma Consolidated Statements of Comprehensive Income and Forecast Financial Performance presented below do not reflect the impact of this new standard.

In order to provide information on the impact of AASB 16, Tables 1 - 4 show the impact of AASB 16 on the statutory forecast consolidated financial performance for 2020. In order to provide consistent information, this assumes AASB 16 were adopted from 1 July 2016 and also shows the impact on FY2019 and FY2020. In determining the impact of AASB 16 the Mader Group has used the modified retrospective approach whereby the lease liability is measured at the date of initial application (1 July 2016) using (if the interest rate implicit in the lease is not known) the Group's incremental borrowing rate at that date, and the right of use asset is measured at the same amount, adjusted for any lease related accruals or prepayments recognised under the previous accounting standards, resulting in no impact on net assets at that date.

(e) **Non-IFRS Measures Adopted**

Mader utilised certain measures for assessing the financial performance and position of the business, which are not recognised under Australian Accounting Standards. Such measures are referred to as 'non-IFRS financial measures'.

Non-IFRS financial measures are not a substitute for measures calculated in accordance with Australian Accounting Standards, but rather are intended to provide further information for potential investors.

As the non-IFRS measures have no defined meaning under recognised accounting standards, the way in which they have been calculated in this Prospectus has been detailed below. As there is no standardised measure of non-IFRS information, potential investors should take care in comparing non-IFRS information between companies as the method of calculation may not be the same.

The non-IFRS measures included in this Prospectus are:

- EBIT - Earnings before interest and tax;
- EBITDA - Earnings before interest, tax, depreciation and amortisation;
- Working Capital - Includes trade and other receivables, work in progress, prepayments, trade and other payables and provisions; and
- Capital expenditure - Investment by Mader in its property, plant and equipment.

Non-IFRS earnings measures may provide useful information for investors as they exclude items related to:

- Interest, taxation and one-off Offer Costs (in the case of EBIT and EBITDA); and
- Depreciation and amortisation (in the case of EBITDA).

EBIT and EBITDA measures may be relevant for market participants and analysts for a range of reasons, however, they are not cash flow measures (operating or otherwise) and should not be considered in isolation. EBIT and EBITDA do not consider capital expenditure, fair value changes, timing differences between receipt of revenues and their recognition in the statement of profit or loss and other comprehensive income or working capital changes.

9.3 Pro Forma Consolidated Statements of Comprehensive Income and Pro Forma Forecast Consolidated Financial Performance

Set out below is a summary of the Mader Group's Pro Forma Consolidated Statements of Comprehensive Income and Pro Forma Forecast Consolidated Financial Performance, and the Company's adjusted earnings, taking into consideration one-off Offer costs, public company costs and the impact of new accounting standards.

Table 1: FY Pro Forma Consolidated Statements of Comprehensive Income and FY Pro Forma Forecast Consolidated Financial Performance

<i>CURRENCY: A\$'000</i>	HISTORICAL		FORECAST	
	FY2017	FY2018	FY2019 ¹	FY2020
Revenue	99,252	156,208	226,221	279,176
Cost of sales	(80,116)	(124,860)	(178,371)	(220,943)
Gross profit	19,136	31,348	47,850	58,233
Other revenue	192	206	300	-
Distribution expense	(33)	(40)	(130)	(146)
Marketing expense	(418)	(469)	(804)	(964)
Administration expense	(9,999)	(14,680)	(23,924)	(27,069)
Finance cost	(385)	(616)	(1,660)	(1,946)
Other expenses	(312)	(726)	(647)	(1,150)
One-off offer costs ²	-	-	(908)	(671)
Profit before income tax	8,181	15,023	20,077	26,287
Income tax expense	(1,975)	(3,670)	(5,304)	(7,434)
Net profit	6,206	11,353	14,773	18,853
<i>Adjustments:</i>				
Net profit	6,206	11,353	14,773	18,853
Public company costs ³	(523)	(523)	(228)	-
One-off offer costs	-	-	908	671
Impact of accounting standard AASB 16	(26)	(19)	(267)	(18)
Impact of income tax ⁴	165	163	(124)	(196)
Adjusted pro forma net profit for the year⁵	5,822	10,974	15,062	19,310
<i>Key performance indicators:</i>				
<i>EBITDA</i>	<i>10,174</i>	<i>18,603</i>	<i>25,927</i>	<i>33,836</i>
<i>EBIT</i>	<i>8,440</i>	<i>15,551</i>	<i>22,176</i>	<i>28,097</i>
<i>YoY EBITDA growth</i>	<i>19.1%</i>	<i>82.8%</i>	<i>39.4%</i>	<i>30.5%</i>
<i>YoY EBIT growth</i>	<i>13.6%</i>	<i>84.3%</i>	<i>42.6%</i>	<i>26.7%</i>
<i>EBITDA margin</i>	<i>10.3%</i>	<i>11.9%</i>	<i>11.5%</i>	<i>12.1%</i>
<i>EBIT margin</i>	<i>8.5%</i>	<i>10.0%</i>	<i>9.8%</i>	<i>10.1%</i>
<i>YoY revenue growth</i>	<i>35.2%</i>	<i>57.4%</i>	<i>44.8%</i>	<i>23.4%</i>
<i>YoY Adjusted net profit growth</i>	<i>13.2%</i>	<i>88.5%</i>	<i>37.3%</i>	<i>28.2%</i>
<i>GP margin</i>	<i>19.3%</i>	<i>20.1%</i>	<i>21.2%</i>	<i>20.9%</i>
<i>Adjusted net profit margin</i>	<i>5.9%</i>	<i>7.0%</i>	<i>6.7%</i>	<i>6.9%</i>

1. Forecast pro forma financial performance for FY2019 comprises of actual pro forma financial performance for the 10 months ended 30 April 2019 (6 months reviewed by BDO and 4-month management financials) and forecast financial information for the two months ending 30 June 2019).
2. Estimated one-off Offer costs incurred by Mader Group of \$1.58 million of which \$0.91 million (\$0.64 million tax effected) will be expensed for FY2019 and \$0.67 million (\$0.47 million tax effected) will be expensed for FY2020.
3. Public company costs include:
 - The directors' estimate of incremental annual costs that the Mader Group will incur as a public listed company. These incremental costs include share registry fees, Executive Director, Non Executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal fees, listing fees, investor relations costs as well as annual general meeting and annual report costs. The annual estimate of these costs is \$0.52 million (tax effected \$0.36 million);
 - For FY2017 and FY2018, no Public Company costs were incurred. Therefore, as a normalisation adjustment to make FY2017 and FY2018 comparable with the Forecast, \$0.52 million (\$0.36 million tax effected) has been included as an adjustment;
 - For FY2019, the pro -forma net profit already includes \$0.29 million (\$0.21 million tax effected) Public Company Costs. Therefore, additional \$0.23 million (\$0.16 million tax effected) is included as an adjustment to FY2019 net profit;
 - For FY2020, \$0.52 million (\$0.21 million tax effected) Public Company Costs were forecast and are included at arriving at the pro-forma net profit. Therefore, no further adjustment is required.
4. Income tax effect - An adjustment has been made to reflect the tax impact of the adjustments based on the Australian statutory corporate tax rate of 30%.
5. The Directors have considered the impact of AASB 9 and AASB 15 and do not expect these standards to have an impact on the financial position or results of the Mader Group.

The table below presents Mader Group's HY Pro Forma Consolidated Statements of Comprehensive Income and the HY Pro Forma Forecast Consolidated Financial Performance.

Table 2: HY Pro Forma Consolidated Statements of Comprehensive Income and HY Pro Forma Forecast Consolidated Financial Performance

<i>CURRENCY: A\$'000</i>	HISTORICAL	
	1H2018	1H2019 ¹
Revenue	67,483	110,398
Cost of sales	(53,674)	(87,023)
Gross profit	13,809	23,375
Other revenue	192	304
Distribution expense	(16)	(58)
Marketing expense	(274)	(349)
Administration expense	(6,240)	(11,259)
Finance cost	(281)	(702)
Other expenses	(202)	(516)
One-off Offer costs ²	-	(201)
Profit before income tax	6,988	10,594
Income tax expense	(2,082)	(2,560)
Net profit	4,906	8,034
<i>Adjustments:</i>		
Net profit	4,906	8,034
Public company costs ³	(262)	(228)
One-off offer costs	-	201
Impact of accounting standard AASB 16	(12)	(134)
Impact of income tax ⁴	82	48
Adjusted pro forma net profit for the period	4,714	7,921

1. Historical financial performance for 1H2019 comprises actual financial performance for the 6 months reviewed by BDO.
2. Includes an adjustment to reflect estimated one-off Offer costs incurred by Mader Group of \$0.20 million (\$0.14 million tax effected) which will be expensed for 1H2019.
3. Public company costs include:
 - The directors' estimate of incremental annual costs that the Mader Group will incur as a public listed company. These incremental costs include share registry fees, Executive Director, Non Executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal fees, listing fees, investor relations costs as well as annual general meeting and annual report costs. The half-year estimate of these costs is \$0.26 million (tax effected \$0.18 million);
 - For 1H2018, no Public Company costs were incurred. Therefore, as a normalisation adjustment to make 1H2018 comparable with the forecast, \$0.26 million (\$0.18 million tax effected) has been included as an adjustment;
 - For 1H2019, the pro-forma net profit already includes \$0.03 million (\$0.02 million tax effected) Public Company Costs. Therefore, an additional \$0.23 million (\$0.16 million tax effected) is included as an adjustment to the 1H2019 forecast.
4. Income tax effect - An adjustment has been made to reflect the tax impact of the adjustments based on the Australian statutory corporate tax rate of 30%.
5. The Directors have considered the impact of AASB 9 and AASB 15 and do not expect these standards to have an impact on the financial position or results of the Mader Group.

9.4 Pro Forma Consolidated Cash Flow Statements and Pro Forma Forecast Consolidated Cash Flows

The table below presents the Mader Group's FY Pro Forma Consolidated Cash Flow Statements and FY Pro Forma Forecast Consolidated Cash Flows.

Table 3: FY Pro Forma Consolidated Cash Flow Statements and FY Pro Forma Forecast Consolidated Cash Flows

<i>CURRENCY: A\$'000</i>	HISTORICAL		FORECAST	
	FY2017	FY2018	FY2019 ¹	FY2020 ²
Cash flows from operating activities:				
Receipts from customers	94,186	142,577	215,756	267,300
Payments to suppliers and employees	(87,365)	(128,923)	(200,526)	(244,814)
Finance costs	(370)	(495)	(1,426)	(1,139)
Interest received	23	6	205	-
Income tax	(2,649)	(4,159)	(5,058)	(7,432)
Net cash flows from operations	3,825	9,006	8,951	13,915
Cash flows from investing activities:				
Proceeds from sale of plant and equipment	126	124	190	-
Proceeds from sale of shares in unlisted companies	-	-	345	-
Payment for shares in unlisted companies	(10)	(539)	-	-
Payment for plant and equipment	(3,799)	(8,783)	(14,905)	(9,783)
Net cash flows from investing activities	(3,683)	(9,198)	(14,370)	(9,783)
Cash flows from financing activities:				
Dividends paid	-	(3,000)	(9,278)	(6,280)
Proceeds from (repayment of) loans – related party	-	-	130	-
Proceeds from (repayments of) chattel mortgage borrowings (net)	(21)	5,427	5,740	474

<i>CURRENCY: A\$'000</i>	HISTORICAL		FORECAST	
	FY2017	FY2018	FY2019 ¹	FY2020 ²
Net cash flows from financing activities	(21)	2,427	(3,408)	(5,806)
Cash flows during the year	121	2,235	(8,827)	(1,674)
Cash and cash equivalents at the beginning	745	290	2,581	(5,339)
Effect of foreign exchange	(576)	56	907	150
Cash and cash equivalents at the end	290	2,581	(5,339)	(6,863)

Analysis of bank balances and cash and cash equivalents:

Cash at bank and cash equivalents as stated in the statement of financial position	4,792	8,246		
Bank overdraft	(4,502)	(5,665)		
Cash and cash equivalents as stated in the statement of cash flows	290	2,581		

- Forecast Pro Forma Statement of Cash Flows for FY2019 comprises of actual financial performance for the 10 months ended 30 April 2019 (6 months reviewed by BDO and 4-month management financials) and forecast financial information for the two months ending 30 June 2019.
- AASB 16 applies to financial years commencing on or after 1 January 2019. While not early adopting AASB 16, the Company has estimated the impact of the application of this accounting standard on the Forecast Pro Forma Statement of Cash Flows for FY2020. The adjustments include:
 - For FY2017, removal of operating rental expenses of approximately \$0.43 million and additional lease interest expense of approximately \$0.05 million and right of use amortisation expense of approximately \$0.38 million;
 - For FY2018, removal of operating rental expenses of approximately \$0.55 million and additional lease interest expense of approximately \$0.05 million and right of use amortisation expense of approximately \$0.50 million;
 - For FY2019, removal of operating rental expenses of approximately \$0.49 million and additional lease interest expense of approximately \$0.13 million and right of use amortisation expense of approximately \$0.62 million;
 - For FY2020, removal of operating rental expenses of approximately \$0.63 million and additional lease interest expense of approximately \$0.12 million and right of use amortisation expense of approximately \$0.53 million.

The table below presents the Mader Group's HY Pro Forma Consolidated Cash Flow Statements and HY Pro Forma Forecast Consolidated Cash Flows.

Table 4: HY Pro Forma Consolidated Cash Flow Statements and HY Pro Forma Forecast Consolidated Cash Flows

<i>CURRENCY: A\$'000</i>	HISTORICAL	
	1H2018	1H2019 ^{1,2}
Cash flows from operating activities:		
Receipts from customers	63,551	100,899
Payments to suppliers and employees	(60,841)	(103,359)
Interest received	-	121
Finance costs	(237)	(788)
Income tax paid	(2,035)	(2,295)
Net cash flows from operations	438	(5,422)
Cash flows from investing activities:		
Proceeds from sale of plant and equipment	27	-
Proceeds from sale of shares in unlisted companies	-	900
Payment for shares in unlisted companies	(164)	(250)
Payment for plant and equipment	(3,686)	(8,020)
Net cash flows from investing activities	(3,823)	(7,370)
Proceeds from (repayments of) related party loans	(401)	(264)
Dividends paid	(3,000)	(4,000)
Proceeds from (repayments of) chattel mortgage borrowings (net)	3,141	3,439
Net cash flows from financing activities	(260)	(825)
Cash flows during the period	(3,645)	(13,617)
Cash and cash equivalents at the beginning	290	2,581
Effect of foreign exchange	106	142
Cash and cash equivalents at the end	(3,249)	(10,894)
Analysis of bank balances and cash and cash equivalents:		
Cash at bank and cash equivalents as stated in the statement of financial position	3,020	4,130
Bank overdraft	(6,269)	(15,024)
Cash and cash equivalents as stated in the statement of cash flows	(3,249)	(10,894)

- Forecast Pro Forma Statement of Cash Flows for 1H2019 comprises actual financial performance for the 6 months reviewed by BDO.
- AASB 16 applies to financial years commencing on or after 1 January 2019. While not early adopting AASB 16, the Company has estimated the impact of the application of this accounting standard on the Forecast Statement of Cash Flows for FY2020. The adjustments include:
 - For 1H2018, removal of operating rental expenses of approximately \$0.27 million and additional lease interest expense of approximately \$0.03 million and right of use amortisation expense of approximately \$0.24 million;
 - For 1H2019, removal of operating rental expenses of approximately \$0.24 million and additional lease interest expense of approximately \$0.07 million and right of use amortisation expense of approximately \$0.33 million.

9.5 Pro Forma and Adjusted Pro Forma Consolidated Statement of Financial Position

The table below presents the Mader Group's Pro Forma and Adjusted Pro Forma Consolidated Statement of Financial Position.

Table 5: Pro Forma and Adjusted Pro Forma Consolidated Statement of Financial Position

<i>CURRENCY: A\$'000</i>	NOTE	PRO FORMA CONSOLIDATED DEC 18	OFFER RELATED ADJUSTMENTS	ADJUSTMENTS FOR POST BALANCE SHEET DATE EVENTS	ADJUSTED PRO FORMA CONSOLIDATED DEC 18
Current assets:					
Cash and cash equivalents	1, 2, 3	4,130	(1,319)	(2,811)	-
Financial assets		16			16
Trade and other receivables	2	48,724		(5,278)	43,446
Loan to related parties	3	469		(469)	-
Other assets		2,142			2,142
Current tax receivable		1,544			1,544
Total current assets		57,025	(1,319)	(8,558)	47,148
Non-current assets:					
Property, plant and equipment		19,461			19,461
Trade and other receivables		179			179
Shares in unlisted companies		56			56
Deferred tax assets		633			633
Total non-current assets		20,329	-	-	20,329
Total assets		77,354	(1,319)	(8,558)	67,477
Current liabilities:					
Trade and other payables		12,070			12,070
Provisions		544			544
Borrowings		16,697	60		16,757
Tax liabilities		895			895
Total current liabilities		30,206	60	-	30,266
Non-current liabilities:					
Provisions		264			264
Deferred tax liabilities		113			113
Borrowings		11,603			11,603
Total non-current liabilities		11,980	-	-	11,980
Total liabilities		42,186	60	-	42,246
Net assets		35,168	(1,379)	(8,558)	25,231
Equity:					
Issued capital	4	0			0
Retained Earnings	1,2	35,345	(1,379)	(8,558)	25,408
Exchange Reserve		(177)			(177)
Total equity		35,168	(1,379)	(8,558)	25,231

1. Transaction costs - of approximately \$1.58 million in relation to advisers, listing and other costs associated with the Offer have been expensed or forecast to be expensed as incurred. Of this \$1.58 million, approximately \$0.20 million was incurred

prior to 31 December 2018, approximately a further \$0.71 million was incurred and forecast to be incurred in the year ending 30 June 2019 and was either paid or is recorded as a liability and \$0.67 million is forecast to be incurred in the year ending 30 June 2020 and is forecast to be either paid or recorded as a liability.

2. Subsequent event interim dividend - Interim franked dividends of \$3.28 million and unfranked dividends of \$5.28 million were declared to existing shareholders, settled as \$3.28 million in cash and \$5.28 million settled via the assignment of receivables owing to Mader International Limited.
3. Related party loan - the repayment of a loan from the Company to related parties of \$469,468.
4. Issued capital - the issued capital of Mader Group at 31 December 2018 is \$43.

9.6 Management Discussion and Analysis of Historical and Forecast Financial Information

Management discussion and analysis (**MD&A**) below relates to the Pro Forma Consolidated Statements of Comprehensive Income. The MD&A addresses the key factors which affected the Mader Group's operating and financial performance in the historical and forecast periods.

The following tables present a summary of the key Pro Forma Historical Financial Information, the key Forecast Financial Information, a breakdown of key Pro Forma Historical Financial Information and key Forecast Financial Information per average hour worked and historical and forecast cost of sales for the purposes of the MD&A.

The table below presents a summary of Mader Group's key FY Pro Forma Consolidated Historical and FY Pro Forma Forecast Income and Cash Flow Information.

Table 6: Key FY Pro Forma Consolidated Historical and FY Pro Forma Forecast Income and Cash Flow Information

<i>CURRENCY: A\$'000</i>	HISTORICAL		FORECAST	
	FY2017	FY2018	FY2019 ¹	FY2020
Revenue	99,252	156,208	226,221	279,176
EBITDA	10,174	18,603	25,927	33,836
EBIT	8,440	15,551	22,176	28,097
Adjusted pro forma net profit after tax	5,822	10,974	15,062	19,310
Pro forma operating cashflow	3,825	9,006	8,951	13,915

1. Forecast Pro Forma Statement of Cash Flows for FY2019 comprises of actual financial performance for the 10 months ended 30 April 2019 (6 months reviewed by BDO and 4-month management financials) and forecast financial information for the two months ending 30 June 2019.

The table below presents a summary of Mader Group's key HY Pro Forma Consolidated Historical and HY Pro Forma Forecast Income and Cash Flow Information.

Table 7: Key HY Pro Forma Consolidated Historical and HY Pro Forma Forecast Income and Cash Flow Information

<i>CURRENCY: A\$'000</i>	HISTORICAL	
	1H2018	1H2019
Receipts from customers	63,551	100,899
Payments to suppliers and employees	(60,841)	(103,359)
Interest received	-	121
Payment for plant and equipment	(3,686)	(8,020)

The table below provides a breakdown of Mader Group's key FY Pro Forma Consolidated Historical and FY Pro Forma Forecast Income and Cash Flow Information per average hour worked.

Table 8: Key FY Pro Forma Consolidated Historical and FY Pro Forma Forecast Income and Cash per average hour

<i>PER AVERAGE HOUR: A\$'000</i>	HISTORICAL		FORECAST	
	FY2017	FY2018	FY2019 ¹	FY2020
Hours	1,116,629	1,666,289	2,294,732	2,754,031
Revenue	88.89	93.75	98.58	101.37
EBITDA	9.11	11.16	11.30	12.29
EBIT	7.56	9.33	9.66	10.20
Pro forma operating cashflow	3.43	5.40	3.90	5.05

1. Forecast Pro Forma Financial Results for FY2019 comprises of actual financial performance for the 10 months ended 30 April 2019 (6 months reviewed by BDO and 4-month management financials) and forecast financial information for the two months ending 30 June 2019.

The table below shows the Mader Group's FY Pro Forma Historical Financial Information and Forecast Financial Information for cost of sales.

Table 9: FY Pro Forma Consolidated Historical and FY Pro Forma Forecast Cost Information

<i>COST OF SALES: A\$'000</i>	HISTORICAL		FORECAST	
	FY2017	FY2018	FY2019 ¹	FY2020
Cost of sales	80,116	124,860	178,371	220,943
Direct labour costs	71,904	109,184	155,925	195,477
Direct labour costs as a % of total cost of sales	89.75%	87.45%	87.42%	88.47%

1. Forecast Pro Forma Financial Results for FY2019 comprises of actual financial performance for the 10 months ended 30 April 2019 (6 months reviewed by BDO and 4-month management financials) and forecast financial information for the two months ending 30 June 2019.

(a) **Historical Pro Forma Consolidated Statements of Comprehensive Income**

i) General Factors Affecting the Operating Result

The information below discusses the main factors which affected Mader Group's operations and relative financial performance in FY2017 and FY2018. The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected Mader Group's historical operational and financial performance, or everything that may affect Mader Group's future operational or financial performance.

ii) Revenue

The Mader Group generates the majority of its revenue by providing various types of contract labour services at an hourly rate per tradesperson provided. These payments are either made under service agreements, at previously agreed hourly rates or, in a minority of cases, on an ad hoc basis. The Mader Group has a strong base of repeat customers operating on a purchase order basis, which is complemented by long term service contracts with top tier Australian and International miners.

Mader Group's revenue increased by 57% from FY2017 to FY2018 due to:

- 50% growth in annual revenue during the year due from increasing demand for mobile plant maintenance in the Pilbara, Goldfields and South West regions of Western Australia and entry into the South Australian market provided a significant new revenue stream to the Group;
- 286% growth in annual revenue from operations in Queensland and New South Wales. Being located in Mackay allows operations to service significant coal production projects throughout Queensland focussing on operations in the Bowen Basin. Business operations servicing New South Wales were opened during the year; and
- 34% growth in the Mader Group's international revenue as demand from existing customers increased, in addition to services being provided to new markets across Africa and Asia.

iii) Cost of sales

Cost of sales are made up predominantly of labour costs but also include costs directly associated with performing services including depreciation on operating assets (mainly service vehicles), materials and consumables, flights, medical expenses and vehicle running costs. These expenses are typically correlated to revenue.

Cost of sales as a percentage of revenue saw a small decrease from FY2017 to FY2018 of 0.8%, which was generally driven by efficiencies in utilisation. Cost of sales margin varies across the business based on response time, the type of services required and the area being serviced.

Labour Costs

Labour costs account for 87% - 90% of cost of sales (refer to table 9 above) and are directly associated with performing maintenance services for customers. Labour costs generally fluctuate with the level of services revenue, resulting in steady Gross Profit margins. From FY2017 to FY2018, due to demand for services and tightening labour market, Mader was forced to increase pay rates to recruit and retain sufficient staff to meet customer demand. This is generally offset by Mader Group's ability to refresh revenue hourly rates in line with labour pay rates.

Depreciation

To efficiently service remote locations, a portion of Mader Group's services are provided by employees in Mader Group owned service vehicles. From FY2017 to FY2018 depreciation charges across Mader Group grew by over 75%, driven predominantly by an increase in vehicle numbers. Increases in revenue are correlated with increased depreciation charges but not entirely proportional.

iv) Administration

The Mader Group's administration expenses can be summarised into the following main categories:

- Employee benefits expense - this category includes the costs that relate to the cost of the Mader Group's internal staffing. The expenses relating to the company's internal staff also includes staff wages, bonuses, payroll tax, superannuation and worker's compensation insurance;
- Occupancy expense - these expenses relate to rent and utilities for the various offices as well as property outgoings;
- Other expenses - this category predominantly includes insurance, dues and subscriptions, travel, technology, stationery, printing; and
- Depreciation and amortisation - assets are depreciated over their useful life, with depreciation increasing in line with the capital expansion of the operations. Amortisation relates to borrowing costs and software costs.

v) Foreign exchange

A proportion of Mader Group's revenue is generated from sales in currencies other than Australian dollars. The depreciation of the Australian dollar since 2012/13 has had a positive impact on overseas revenue (refer the Section titled "*Sensitivity Analysis*" below for analysis on the impact of foreign exchange movements on the Mader Group's Forecast Financial Performance).

vi) Working Capital

Working capital includes trade and other receivables, work in progress, prepayments, trade and other payables and provisions. The Mader Group's working capital requirements are generally consistent throughout the year but increase as revenue increases.

Mader does experience some variability in working capital from month end to month end, due to movements in a range of assets and liabilities. The timing of payroll payments to staff, together with cash receipts from clients, all contribute to the variability in working capital. In general, however, receivables represent approximately two and a half months of revenues.

vii) Capital Expenditure

As revenue grows, there is a requirement to acquire service vehicles, which are financed under equipment finance facilities.

(b) **Forecast Financial Information**

The Forecast Financial Performance is based on various best estimate assumptions, including those set out below. The Directors believe that they have prepared the forecast with due care and attention and consider all assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus.

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However, the actual results are likely to vary from the forecast and any variation may be materially positive or negative. The forecast assumptions on which it is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of the Company and its Directors, and are not reliably predictable.

Accordingly, neither the Company or its Directors nor any other person can give any assurance that the forecast or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in quantum and timing from the assumptions, with a material consequential impact on the forecast.

Investors are advised to review the best estimate assumptions set out below in conjunction with the description of the basis of preparation of the Forecast Financial Information above, the sensitivity analysis set out below and the risk factors set out in this Prospectus.

General Assumptions

The following general assumptions are relevant to the Forecast Financial Performance:

- Other than the changes noted in Section 9.2(d) and 9.2(e), no changes in applicable AAS, IFRS, other mandatory professional reporting requirements or the Corporations Act which could have a material impact on Mader Group's reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
- No material change in the competitive and operating environments in which the Mader Group operates;
- No material changes in current industrial, economic, political or market conditions under which the Mader Group and its key customers operate that would have a material effect on Mader Group's operating results;
- No material changes in statutory, legal or regulatory requirements that have a material effect on Mader Group's operating results;
- No material amendment to any material agreement relating to the Mader Group's business;
- No significant delays in the performance of any major contracts;
- No material losses of customers or contracts;
- No significant disruptions to the continuity of operations of the Mader Group and there are no other material changes in the Mader Group's business;
- No material change to Mader Group's corporate and funding structure;
- No material employee relations disputes or other disturbances, contingent liabilities or legal claims that arise or that are settled to the detriment of the Mader Group;
- No loss of key staff or management personnel;
- No material business acquisitions or disposals;
- No significant increase in capital expenditure requirements; and
- None of the risks listed in Section 10 has a material adverse impact on the operations of the Mader Group.

Specific Assumptions

The Forecast Financial Information has been prepared using the reviewed Historical Financial Information for the period 1 July 2018 to 31 December 2018, and forecast financial information for the 6 months ending 30 June 2019 (comprising actual results for the 4 months ended 30 April 2019 and forecast results for the two months ending 30 June 2019) and the year ending 30 June 2020. The forecast financial information for the period to 30 June 2020 has been prepared based on anticipated events to 30 June 2020 and the specific assumptions detailed below:

ij) Revenue Assumptions

The forecast revenue has been determined by:

- Reviewing historical service mix and management plan for the Forecast Period;
- Future demand from current customers considering historical unmet demand;
- Possible future changes in rates charged to current customers and changes in demand from current customers during the forecast period based on discussions with the customers as at the time of preparing the forecasts; and.
- Management's estimate of demand from new customers and estimate of rates forecast to be charged during the forecast period.

The Mader Group generates the majority of its revenue by providing various types of contract labour services at an hourly rate per tradesperson provided. These services are either made under service agreements, at previously agreed hourly rates or, in a minority of cases, on an ad hoc basis.

The Mader Group's revenue is forecast to increase at a CAGR% of 34% during FY2018 to FY2020, comprising an increase from A\$156m in FY2018 to A\$226m in FY2019 and to A\$279m in FY2020, based on:

- 36% annual revenue CAGR in combined Western Australian and Central (South Australia and Northern Territory), with revenue increasing from A\$111m in FY2018 to forecast A\$165m in FY2019 and forecast A\$207m in FY2020. Revenue growth is expected to be delivered through increasing sales to recurring customers, particularly in the Pilbara and Goldfields regions;
- 63% annual revenue CAGR in combined Queensland and New South Wales, with revenue increasing from A\$18m in FY2018 to forecast A\$34m in FY2019 and A\$47m in FY2020. Revenue growth is expected to be delivered through:
 - developing new customer relationships and increasing sales to recurring customers, focussing on the Bowen Basin and Hunter Valley regions;
 - expansion of service offerings to grow trades complementary to the Company's existing Queensland and New South Wales operations and relating to all aspects of specialised contract labour for maintenance of heavy mobile equipment;
- -8.5% annual CAGR internationally, with revenue decreasing from US\$21m (A\$27m) in FY2018 to forecast US\$19m (A\$26m) in FY2019 and forecast US\$18m (A\$24m) in FY2020.; and

- Delivery of services in USA for the first time, commencing in the Powder River Basin area. It is expected that major mining areas of Wyoming and Nevada will be target areas for the Mader Group to service, with revenue forecast in FY2020 of US\$0.5m (A\$0.7m)

ii) Cost of Sales

The gross margin on existing operations is determined using historical gross profit achieved for each region of operations. Forecast margins are adjusted where they are known to be different to the historic margins. The gross margin on new contracts and service agreements are based on the margins communicated in the recent negotiations. Key components of cost of sales are set out below.

Labour Costs

Labour costs expenses generally fluctuate with the level of services revenue, resulting in steady Gross Profit margins. Due to high demand for services, the Mader Group expects that in some areas it will need to continue to increase pay rates to recruit and retain sufficient quality staff. It is expected that the Mader Group will be in position to recover these increased labour costs by increasing revenue charge rates by the same proportion.

Depreciation

Depreciation charges will continue to increase as new vehicles are added to facilitate growth and older, heavily depreciated vehicles will be remaining in service until service life complete.

iii) Administration

The Mader Group's administration expenses can be summarised into the following main categories:

- Employee benefits expense - will continue to increase in line with the level of services performed, due to increased administration requirements to manage a larger workforce. Economies of scale should allow administration staff expenses to decrease as a percentage of revenue.
- Occupancy expense costs - have been based on existing contractual arrangements.
- Other expenses - this category predominantly includes insurance, dues and subscriptions, travel, technology, stationery, printing, and is expected to increase in line with operational growth; and
- Depreciation – has been based on the Company's existing fixed asset register and the estimated useful life of the Company's assets. Depreciation will increase in line with new assets purchased required to administratively support revenue growth and expanding operations.

Total administration expenses have grown in FY2019 as the Company has incurred additional expenditure as part of its growth strategy. As the benefit of this growth in revenues occurs, the Company anticipates administration expenses reducing when compared to revenue.

iv) Net finance costs

- The pro forma interest expense is based on the assumption that interest rates for new equipment financed remains at rates consistent with FY2019, and that the level of finance required remains consistent with predicted levels.
- The application of AASB 16 for financial years commencing on or after 1 January 2019 has not been factored into FY2020. The impact of AASB 16 on FY2020 and previous financial years is discussed in Section 9.2(d) and is shown in tables 1 to 4 in viewed in Section 9.3.

v) *Foreign Exchange*

Exchange rates for the forecast period are based on an average of 1 AUD = 0.74 USD.

vi) *Working capital*

- Revenue collected during the forecast period is consistent with historical payment terms and collection patterns; and
- Operating cash flows during the forecast period are negatively impacted by an increase in monthly revenue leading to an increase in trade receivables.

vii) *Income Tax*

Corporate tax rates are assumed to remain at current rates for the forecast period.

The assumptions listed above are a summary only, and do not represent all the factors that will affect the Mader Group's forecast financial performance.

Sensitivity Analysis

The Forecast Financial Performance is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, its Directors and management.

Set out below is a summary of the sensitivity of the FY2019 Forecast Financial Performance to changes in a number of key variables. These key variables are not intended to be indicative of the complete range of variations that may be experienced. Also, the selected sensitivity range for each sensitivity is not intended to be indicative or predictive of the likely range of outcomes that may occur.

Care should be taken in interpreting these sensitivities. The sensitivity analysis set out below treats each movement in the variables in isolation, in order to illustrate the likely impact on the forecast. In reality, the movements could be interdependent, the effects of these movements may offset each other or may be additive and it is likely that the Mader Group's management may respond to any adverse change in these variable to minimise the net effect on the Mader Group's earnings.

The table below presents the Mader Group's key FY Pro Forma Consolidated sensitivity analysis.

Table 10: Key FY Pro Forma Consolidated Sensitivity Analysis

<i>CURRENCY: A\$'000</i>	NOTES	FY2019 ¹ NPAT IMPACT	FY2020 NPAT IMPACT
Number of recoverable hours	+ / - 5%	429 / (428)	1,334 / (1,322)
Charge out rates	+ / - 5%	1,504 / (1,504)	8,354 / (8,343)
Charge out rates	+ / - 10%	3,008 / (3,008)	16,720 / (16,674)
Direct Labour Costs	+ / - 5%	(1,085) / 1,085	(7,037) / 7,037
Direct Labour Costs	+ / - 10%	(2,169) / 2,169	(14,074) / 14,074
Change in AUD/USD exchange rate	+ / - 2 cents	(98) / 103	(84) / 89

1. Sensitivity Analysis for FY2019 comprises of actual financial performance for the 10 months ended 30 April 2019 (6 months reviewed by BDO and 4-month management financials) and forecast financial information for the two months ending 30 June 2019.

9.7 Financing Facilities

As at the date of this Prospectus, the Mader Group has the following financing facilities (Financing Facilities):

Table 11: Financing Facilities

<i>FUNDER</i>	<i>FACILITY TYPE</i>	<i>ENTITY</i>	<i>FACILITY LIMIT</i>	<i>DRAWN AMOUNT AS AT 31 DEC 2018</i>	<i>MATURITY</i>
NAB	Invoice Finance Facility	Mader Contracting Pty Ltd	A\$18m	\$13,183,588	31 July 2020
NAB	Invoice Finance Facility	Mader Queensland Pty Ltd	A\$4m	\$1,753,848	31 July 2020
NAB	Master Asset Finance Agreement	Mader Contracting Pty Ltd	A\$10m	\$7,718,838	31 July 2020
NAB	Master Asset Finance Agreement	Mader Queensland Pty Ltd	A\$6m	\$4,680,755	31 July 2020
NAB	Bank Guarantee	Mader Group Ltd	A\$0.33m	\$330,000	Not applicable
Wells Fargo	Master Loan and Security Agreement	Mader Corporation	US\$1.17m	-	30 June 2024

The Financing Facilities are subject to the following financial covenants:

<i>FACILITY TYPE</i>	<i>ENTITY</i>	<i>COVENANT</i>	<i>COVENANT LIMITS</i>
Invoice Finance Facility	Mader Contracting Pty Ltd	Dividend restriction	Maximum of 100% of NPAT (based on consolidated Mader Contracting / Mader Queensland position)
		Debt service cover	Minimum 2.00 times (measured quarterly on consolidated Mader Contracting / Mader Queensland basis)
		Capital adequacy ratio	Minimum 30% (measured quarterly on consolidated Mader Contracting / Mader Queensland basis)
		BHP concentration	Maximum 50%
Invoice Finance Facility	Mader Queensland Pty Ltd	Dividend restriction	Maximum of 100% of NPAT (based on consolidated Mader Contracting / Mader Queensland position)
		Debt service cover	Minimum 2.00 times (measured quarterly on consolidated Mader Contracting / Mader Queensland basis)
		Capital adequacy ratio	Minimum 30% (measured quarterly on consolidated Mader Contracting / Mader Queensland basis),

Mader Group is currently in compliance with its financial covenants and expects to remain in compliance with them.

The Financing Facilities are secured by:

National Australia Bank

- First ranking fixed and floating charges over the Company and its assets;
- Interlocking guarantee and indemnity given by Mader Group, Mader Contracting and Mader Queensland supported by:
 - General Security Agreement over present and future assets of Mader Contracting;
 - General Security Agreement over present and future assets of Mader Queensland;
 - General Security Agreement over present and future assets of Mader Group;
 - Letter of undertaking from Mader Contracting and Mader Queensland for the material contract loss, permitted financial indebtedness and permitted encumbrance; and
 - Subordination Deeds with Mader Contracting, Mader Queensland and Mader International.

Wells Fargo

- Master Loan and Security Agreement over certain vehicles of Mader Corporation; and
- Guarantee and indemnity given by Mader Group Limited.

9.8 Notes to the Financial Information

Significant accounting policies which have been adopted in the preparation of the Financial Information are as follows.

a) Basis of Preparation

The Financial Information set out in the Prospectus has been prepared in accordance with the accounting policies of the Mader Group and the recognition and measurement principles (but not all the disclosure requirements) prescribed by the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.

b) Income Tax

The income tax expense for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax related to items that are credited or charged directly to equity.

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis.

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

Depreciation

The depreciable amount of all fixed assets, is depreciated on a diminishing value basis over the asset's useful life to the Mader Group commencing from the time the asset is held ready for use.

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

CLASS OF FIXED ASSET	DEPRECIATION RATE
Computer equipment	37.5%
Office furniture and fittings	10 – 40%
Motor vehicles	20 - 30%
Plant and equipment	10 – 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

The Group changed the depreciation rate applicable to Motor vehicles to 20 – 30% from 30%, effective 1 July 2018.

d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the assets (but not the legal ownership) are transferred to entities in the Mader Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guarantee residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over their useful lives. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as an expense in the period in which they are incurred.

e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period as is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are substantially measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

Financial Liabilities

Loans and borrowings are non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

f) Impairment of Assets

At each reporting date, the Mader Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's

carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

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

g) Employee Benefits

Provision is made for the Mader Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at nominal amounts expected to be paid when the liability is settled (excluding on-costs).

Provision for long service leave is recognised when an employee reached seven years of consecutive service.

h) Provisions

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

i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the Statement of Financial Position.

j) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the render of services is recognised for work completed in temporary placement in accordance with time worked indicated on employee timesheets. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement of those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the costs of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

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l) Borrowing Costs

Borrowing costs are recognised in accordance with contractual financing arrangements.

m) Staff Bonuses

A bonus is anticipated for reporting purposes if, and only if:

- The bonus is a legal obligation or past practice would make the bonus a constructive obligation for which the entity has no realistic alternative but to make the payments; and
- A reliable estimate of the obligation can be made.

n) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 - 60 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Mader Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of the discounting is immaterial.

The amount of the impairment losses is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Mader Group that remain unpaid at 31 December 2018. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

p) Comparative Figures

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

q) Rounding of Amounts

The Company has applied the relief available to it under Australian Securities and Investment Commission Corporations (Rounding in Financial/Directors Report) Instrument 2016/191.

Accordingly amounts in the financial statements have been rounded off to the nearest \$1,000.

10.0 *Risk Factors*

There are numerous risk factors involved with the Company's business. This Section identifies the major areas of risk associated with an investment in the Company, however this Section should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

10.1 Risks specific to the Company

(a) Culture

The Mader Group's ability to retain and attract new employees is heavily dependent on its existing company culture. A negative change in the Mader Group's company culture, or the perception that such change has occurred, may adversely impact the Mader Group's ability to retain its existing workforce and recruit suitable and qualified new employees.

As the Mader Group is reliant on its workforce to service its customers (see Section 10.1(o) for further details), any adverse impacts to the Mader Group's workforce may lead to disruptions to the Mader Group's business operations and may have a negative impact on the Mader Group's growth prospects.

(b) Quality of Work and Delivery

A key part to the Mader Group's business is its ability to provide high quality services at attractive prices and its ability to consistently deliver the services required by its customers in a timely manner. While the Mader Group has a strong record of executing on these core principles and has initiatives in place to ensure that these core deliverables continue, there is no guarantee the Mader Group will always meet its customers' expectations as to the timing and quality of work performed. Any such failures, or perceived failures, may have a materially adverse impact on the Mader Group's reputation and financial performance.

(c) Reputation

The Mader Group has developed a strong reputation in the Mader name and relies on this to establish and maintain relationships with its customers. There is a risk that any event by which the Mader Group suffers a loss of reputation, for example by way of dissatisfied customers, poor performance, litigation, or a perception that any such events exist, may result in damage to the Mader brand and may impact on the Mader Group's ability to retain existing customers and build new customer relationships.

(d) Occupational Health, Safety and Environment

Site safety and occupational health and safety outcomes are a critical element in the reputation of the Mader Group and its ability to retain and be awarded new contracts in the resources industry.

While the Mader Group has a strong commitment to achieving a safe performance on site and a strong record in achieving safety performance, a serious site safety incident could impact upon the reputation and financial outcomes for the Mader Group.

Additionally, laws and regulations as well as the requirements of customers may become more complex and stringent or the subject of increasingly strict interpretation and/or enforcement. Failure to comply with applicable regulations or requirements may result in significant liabilities, to suspended operations and increased costs.

Industrial accidents may occur in relation to the performance of the Mader Group's services. Such accidents, particularly where a fatality or serious injury occurs, or a series of such accidents occurs, may have operational and financial implications for the Mader Group which may negatively impact on the financial performance and growth prospects for the Mader Group.

(e) **Downturn in the Resources Industry**

The Mader Group's revenue and growth are susceptible to a downturn in the resources industry. The resources industry is influenced by many economic and political factors which are outside the control of the Mader Group, including but not limited to confidence in the global economy and global economic growth, continued international demand, supply levels from key countries including Brazil, China, India, South Africa and Russia and commodities prices.

Any prolonged decline in commodity prices, particularly iron ore, copper, coal and gold, or the demand for resources may result in a corresponding decline in production of these commodities, which may lead to a decline in the demand for the Mader Group's services. Any decline in the demand for the Mader Group's services may have a materially adverse effect on the Mader Group's financial performance and financial position.

(f) **Loss of Key Personnel**

The Company has a relatively small key management team. The Company's success depends to a significant extent upon its key management team, particularly Executive Director, Luke Mader (founder), Chief Executive Officer, Pat Conway, Chief Operating Officer, John Greville, (who has been with the Mader Group since incorporation) and Chief Financial Officer, Li Li Lim, for the management of operations internally and in the establishment and maintenance of key customer relationships.

The loss of the Mader Group's key management personnel may result in Mader not being able to replace its management team with suitable executives with relevant experience and qualifications and who fit within the Mader culture. If a number of the Mader Group's key management personnel leave, this may have a negative impact on the Mader Group.

(g) **Management of Growth**

The Mader Group has a history of sustained organic growth in revenue and profit which is expected to continue. Continued growth is dependent on many factors, as set out in this Prospectus.

There is a risk that the Mader Group may not successfully execute its growth strategies. No assurance is given that the Mader Group will be successful in continuing to manage growth or that the Mader Group's recent growth record is indicative of future growth.

The Mader Group has also experienced significant growth in recent years in its operating activities and employee numbers. To manage this growth effectively, the Mader Group will need to continue to develop and maintain its operational and financial systems and continue to train, expand and manage its employee base while at the same time maintaining the Mader culture. An inability to achieve growth effectively may adversely affect the financial performance and financial position of the Mader Group.

(h) **Ability to Win New Work**

The Mader Group's future performance will be influenced by its ability to win new work in Australia and overseas. If the Mader Group is unable to establish new customer relationships and win new work, this may adversely affect the Mader Group's growth prospects, operational results and financial performance.

(i) **The Mader Group's Large Casual Workforce**

A significant number of the Mader Group's recoverable staff are employed on a casual basis. Although Mader has shown a strong record of being able to retain its staff across all areas, including its casual staff, a failure to retain its large casual workforce pool may materially impact the Mader Group's operations and financial position.

Further, the Mader Group may be approached by staff employed on a casual basis who may request to be employed on permanent contracts. Disputes may arise in the course of such approaches which may lead to disruption in the Mader Group's casual workforce or cause the Mader Group's casual workers to leave the Mader Group. Any such approaches or disputes could also result in increased direct and indirect labour costs for the Mader Group.

There is also a risk that a number of the Mader Group's casual workforce may be deemed not to be genuine casual employees but rather in a relationship of permanent employment with Mader as a consequence of the industry in which the Mader Group operates and the characteristics of the Mader Group's casual employment arrangements. In such circumstances the Mader Group may lose the flexibility it enjoys from its casual workforce and may be liable for historical unpaid entitlements (such as accrued paid leave) and potentially civil penalties pursuant to the Fair Work Act 2009 (Cth).

The Mader Group is required to comply with applicable Modern Awards in respect of its employees which may vary depending on where and to who the Mader Group's employees provide services. The terms of applicable Awards may change from time to time. There is a risk that various Awards may be found to apply to certain employees of the Mader Group and that, depending on the context in which the Mader Group is providing services, the Mader Group may be found to be non-compliant with such Awards. If the Mader Group is found to be non-compliant with any applicable Awards, then the Mader Group may be liable for claims for damages and civil penalties which may adversely affect the Mader Group's operations and financial position.

(j) **Changes to Industrial Relations Policy or Labour Laws**

Any changes to Australian industrial relations laws or policy may result in increased labour and compliance costs, particularly if such changes relate to the permitted terms of employment or the treatment of casual employees.

Reform to labour licensing schemes around Australia is currently underway with new laws already having been introduced in Queensland and South Australia (although the new laws in South Australia may be repealed) and the Federal Government is proposing to implement a national scheme as part of the 2019 Federal budget. It is anticipated that there would be a low regulatory burden imposed by this scheme. It would focus on labour hire operators in "high risk" industry sectors, with the ability to have their registration cancelled if they contravene a relevant law. In some industry sectors, registration with the scheme may be made mandatory, and host employers would be penalised if they did not use a registered labour hire operator. Other states may also introduce new labour hire licensing schemes in due course. Any changes to existing industrial relations laws or policy could impact on the ability of the Mader Group to retain its personnel and attract new staff or continue to operate its business as currently operated.

Such changes may result in the Mader Group facing increased labour costs in the future. If any increased costs are not able to be passed on to customers then the Mader Group's operations,

financial performance and position may be adversely affected. This may also result in the Mader Group losing the flexibility it enjoys from its casual workforce.

(k) Reliance on Key Customers and Projects

The Mader Group derives a significant proportion of its revenue from a group of key customers. In FY2018 approximately 42% of the Mader Group's revenue was derived from five key customers and the Mader Group's top 10 customers by revenue contributed to approximately 62% of the Mader Group's revenue. The Mader Group derives its revenue by providing specialised contract labour at an hourly rate per tradesperson. The services are generally provided under a services agreement with a customer which are non-exclusive, not subject to any minimum spend obligations and which can be terminated on short notice. The services may also be provided to some customers without service agreement where hourly rates will be agreed per project or scope of work.

Important financial information concerning the Mader Group's revenue, historical performance and forecast assumptions are contained in Section 9. The Mader Group's customer engagement model and general contracting terms are summarised in Sections 7.8 and 11.4 respectively.

Any significant variation to the scope, timing and rates charged for the Mader Group's specialised contract labour with key customers may adversely affect the Mader Group's financial position, profitability and financial performance. Termination or a failure to renew existing contracts with key customers or a breakdown in the Mader Group's relationships with key customers, particularly at the in-field operational level, may also have an adverse impact on the Mader Group's revenue, profitability and growth prospects.

(l) Foreign Operations

The Mader Group may derive an increasing proportion of its revenue from operations in foreign countries. There are certain risks inherent in doing business in international jurisdictions, such as unexpected changes in laws and regulatory requirements (including labour laws and policies, VAT and other in-country taxes, foreign currency rules, foreign controls, tariffs, customs, duties and other trade barriers), exchange rates, difficulties staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability and in certain cases expropriation, nationalisation, terrorism and war.

There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies.

The Mader Group could also be adversely affected by seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely impact the success of the Mader Group's international operations.

(m) Increase in Labour Costs

The most significant cost in the Mader Group's business is its labour costs. The operations of the Mader Group are labour intensive and the Mader Group currently has over 1,100 employees employed on a permanent, part time and casual basis.

Increases in the cost of labour may have a material impact on the financial position and operations of the Mader Group. The Mader Group may not be able to pass on such cost increases to customers due to existing customers being contracted on a fixed rate, customer sentiment toward cost

increases and competitive pressures in the market. If this is the case, the Mader Group may no longer be able to service its customers at expected margins which may have a materially adverse effect on the Mader Group's profitability and growth prospects.

(n) **Increased Competition from Existing and New Competitors**

The broader industry in which the Mader Group operates is competitive and a significant number of both large and small companies compete with the Mader Group.

In addition, both OEMs and labour houses provide similar services to the Mader Group. Competition in the industry is expected to continue, presenting the Mader Group with numerous challenges relating to its ability to maintain revenue rates and acceptable margins.

If the Mader Group is unable to meet these competitive challenges, it may lose market share to its competitors and experience an overall reduction in its earnings. In addition, continued and increased competition from new or existing competitors generally may adversely impact on the Mader Group's financial performance and its ability to execute its growth strategy.

(o) **Labour and Labour Shortages**

The Mader Group's services are critically dependent on the availability and cost of skilled and qualified labour. The Mader Group's people are its primary assets and increased levels of activity in the resources industry, globally and in Australia, may lead to a shortage of skilled personnel for the services which the Mader Group provides. It is essential that appropriately skilled staff are available in sufficient numbers to enable the Mader Group to service its existing and new customers' requirements and maintain the diversity of the Mader Group's service offering.

While the Mader Group has initiatives in place to mitigate this risk, significant staff losses or a failure to attract and retain new staff may have a negative impact on the financial performance of the Mader Group and its growth prospects. Any failure by the Mader Group to deliver on customer needs or requests due to the Mader Group being unable to retain existing employees and/or attract and retain new personnel may negatively impact on the Mader Group's reputation. This could have materially adverse effects on the Mader Group's earnings, profitability and growth.

(p) **Decline in the Trend Towards Outsourcing Maintenance Activities**

The Mader Group provides specialised contract labour for maintenance of heavy mobile equipment in the resources industry. Mader Group tradespeople made available to customers on short notice and for short or long periods. While there has recently been a trend towards the outsourcing of mining equipment maintenance operations and maintenance operations generally, there is no guarantee that this trend will continue. If a trend emerges in the future to undertake such operations in-house, then this is likely to affect the performance of the Mader Group's business and may negatively impact on the Mader Group's growth prospects.

(q) **Customer Pricing Risk**

There is a pricing risk in respect of the Mader Group's current and future contracts, particularly in relation to the Mader Group's key customers and projects as well the specialised contract labour services it provides to customers without a services agreement in place. If the pricing for the provision the Mader Group's services to customers decreases, for example due to increased competition, or if the costs of the Mader Group providing its services unexpectedly increases by a margin greater than that accounted for in the pricing of customer contracts or projects, then the

Mader Group may no longer be able to service its customers at expected margins and this may adversely affect the Mader Group's financial position, profitability and growth prospects.

(r) **Capital Requirements for Growth**

As the Offer is for the sale of Shares by Existing Shareholders, the funds received from the Offer will not be paid to the Mader Group. The Directors expect that the Mader Group's forecast revenue and debt facilities will provide sufficient funds to enable the Mader Group to achieve its stated business objectives.

However, there can be no assurance that the Mader Group's objectives can be met without further debt or equity financing and, if further financing is necessary, that it can be obtained on terms acceptable to the Mader Group or at all. Any additional equity financing, if available, may be dilutive to Shareholders and further debt financing, if available, may involve restrictions in financing and operating activities. An inability to access sufficient capital for its operations could have a material adverse effect on the Mader Group's business, financial condition and performance.

(s) **Enforcement of Terms of Employment Contracts**

The Mader Group has an employment contract in place with each of its employees, including its casual staff. The Mader Group may be prevented from enforcing some of the terms of its contracts with its employees. In some cases, the Mader Group may risk breaching local laws, regulations, industrial instruments or guidelines (including but not limited to the Fair Work Act 2009 (Cth) and applicable Modern Awards) if it sought to do so. Any inability of the Mader Group to rely on and enforce terms of its contracts with employees, including its large casual workforce, may have negative implications for the Mader Group in both a financial and operational sense.

(t) **Unfair Dismissal Claims**

The Mader Group recognises that certain regular and systematic employees have access to unfair dismissal claims pursuant to the Fair Work Act 2009 (Cth) and that such employees may be entitled to remedies including reinstatement or compensation if such claims were successful.

Further, while casual employees are not entitled to redundancy under the Fair Work Act 2009 (Cth), there is a risk that employees who are not genuinely casual can make a claim for redundancy payments on the basis that they are actually permanent employees.

While no such claims have been made to the Mader Group in the past, there is a risk that such claims may be made in the future which may have negative implications for the Mader Group.

(u) **Disruption to Operations**

The Mader Group and its customers are exposed to a range of operational risks relating to both current and future operations. Such operational risks include loss or damage to operating assets and equipment, equipment failures or breakdowns, human error, accidents, information system failures, external weather including cyclones, fires, floods and other natural disasters.

While the Mader Group endeavours to take appropriate action to mitigate operational risks, the Mader Group cannot control the risks its customers are exposed to nor can it completely remove all possible risks relating to its own business. A disruption in the operations of the Mader Group or its customers may result in unexpected delays, increased costs and loss of revenue.

(v) **Technology and Information Systems**

The Mader Group relies on the effective and efficient operation of information technology, software systems, communications technology and other systems and equipment for its operations, including technology and systems provided by third parties. If any of these systems, software or technologies failed to operate effectively, or new system implementations or significant upgrades are required, the Mader Group could suffer interruption to its services and loss of data which could lead to financial loss and damage to its reputation. This may be as a result of issues including hardware, software or system failures, computer viruses, third party service failures, cyber-attacks or other cyber incidents. Further, failure of the Mader Group's disaster recovery arrangements to operate effectively could also result in financial loss and damage to the reputation of the Mader Group.

(w) **Remote Operations**

The Mader Group frequently undertakes projects in remote locations. The remoteness of some of the Mader Group's locations results in an exposure to increased risk of a shortage of skilled and general labour and potentially increased costs which may not be able to be passed on to the Mader Group's customers.

Some remote locations may also involve increased risks to operations and personnel on site. The Mader Group may also be exposed to greater risk of logistical difficulties for transporting equipment and skilled personnel due to remote locations. Historically, the Mader Group has demonstrated an ability to effectively manage these risks, however there is no guarantee that the Mader Group will be able to continue to do so in the future.

(x) **Failure to Refinance, Repay or Renew Debt Facilities**

There is a risk that the Mader Group may not be able to refinance its existing or future debt facilities as and when they fall due, or that the terms available to the Mader Group on refinancing will not be as favourable as the terms of its debt facilities.

In addition, as set out in Section 11.5, the Mader Group has debt facilities through which the Mader Group is subject to various covenants. Factors such as a decline in the Mader Group's operational and financial performance could lead to a breach of its banking covenants and the Mader Group's financier may seek to exercise enforcements rights under the debt facilities, including exercising its rights under existing security arrangements. In such circumstances the Mader Group's future financial performance and position may be adversely affected.

(y) **Sensitivity of Earnings to Revenue**

The Mader Group's earnings are sensitive to several factors, including the quantum and timing of revenue received from customers. Details of the assumptions underlying the Directors' forecasts are detailed in Section 9 and a sensitivity analysis is detailed in Section 9. The variables contained in the sensitivity analysis and stated in the assumptions, as well as other issues, may also have an impact upon future earnings.

(z) **Liability Risk**

The provision of services by the Mader Group carries with it a risk of liability for losses arising from various actions including the provision of defective services, personal injury or property damage and losses suffered by third parties.

The Mader Group contractually limits its exposure to liability and the Mader Group maintains public liability insurance. Nevertheless, there remains a risk that the Mader Group's insurance coverage will be insufficient to meet future claims or that the Mader Group will be unable to secure insurance to satisfactorily cover all anticipated risks and that cost of such insurance will increase beyond anticipated levels.

Accordingly, the Mader Group may be adversely impacted by increases in the cost of insurance premiums, an inability to access sufficient insurance coverage effectively and being exposed to possible liability claims.

(aa) **Foreign Exchange Risk**

Foreign exchange risks arise from the Mader Group entering into commercial transactions that are denominated in currencies other than Australian dollars. The Mader Group is primarily exposed to foreign currency risk through its international operations where it receives a significant portion of its revenue from customers in foreign currency. Foreign exchange movements may decrease the Australian dollar returns of such operations.

(bb) **Concentration of Shareholding**

On completion of the Offer, Existing Shareholders will hold 75% of the total issued Shares, all of which will be subject to voluntary escrow from the period from the Company's admission to the Official List until 31 October 2020. The escrow arrangements for Existing Shareholders are summarised in Section 11.3. Further, Shares taken up under the Employee Offer (up to approximately 3.3 million shares) will be subject to a holding lock for up to 12 months from the Company's admission to the Official List.

Both the size of the shareholding by Existing Shareholders and the applicable escrow period is likely to cause or contribute to limited liquidity in the market for Shares, which could affect the market price at which other Shareholders are able to sell their Shares.

A significant sale of Shares by any of Existing Shareholder following the end of the escrow period, or the perception that such sale may occur, could adversely affect the price of Shares. Alternatively, the absence of any sale of Shares by Existing Shareholders following the end of the escrow period may cause or contribute to a diminution in the liquidity of the market for Shares.

The interests of Existing Shareholders may differ from the interests of the Mader Group and the interests of other Shareholders. While Existing Shareholders hold a large stake in the Mader Group, they may be able to determine or influence whether a takeover bid or other transaction is successful.

10.2 **General Risks**

The future prospects of the Mader Group's business may be affected by circumstances and external factors beyond the Mader Group's control. The Mader Group's financial performance may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(a) **General Economic Climate**

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Mader Group's future revenue and Shares price may be affected by these factors, which are beyond the Mader Group's control.

(b) **Changes in Legislation and Government regulation**

Changes in government legislation in Australia or any other jurisdiction in which the Mader Group operates (including Africa, Latin America and the USA), including changes to the taxation system, may affect future earnings and the relative attractiveness of investing in the Mader Group.

(c) **Force Majeure Events**

Events may occur within or outside Australia that could impact upon global, Australian or other local economies relevant to the Mader Group's financial performance, the operations of the Mader Group and the price of the Shares.

These events include but are not limited to terrorism, international hostilities, floods, earthquakes, labour strikes, civil wars, natural disasters or other man-made or nature events or occurrences that can have an adverse effect on the demand for the Mader Group's services and its ability to conduct business. The Mader Group has limited ability to insure against some of these risks.

(d) **Global Credit and Investment Market**

Global credit, commodity and investment markets can experience a high degree of uncertainty and volatility. The factors which lead to this situation are outside the control of the Mader Group and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX).

This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Mader Group's ability to raise additional equity and/or debt to achieve its objectives, if required.

(e) **Unforeseen Risk**

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Mader Group, its operation and/or the valuation and performance of its Shares.

(f) **Combination of Risks**

The Mader Group may not be subject to a single risk but rather a combination of risks including any of the risks outlined in this Prospectus which could affect the performance, valuation, financial performance and prospects of the Mader Group.

(g) **Unforeseen Expenditure Risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Mader Group is unaware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Mader Group.

(h) **Sharemarket Conditions**

The market price of the Company's Shares may be subject to varied and unpredictable influences on the market for equities.

(i) **Dividends may not be Franked**

There can be no guarantee that any dividends paid by the Mader Group will be franked. To the extent that the Mader Group pays any dividends, Shareholders should be aware that the Mader Group may not have sufficient franking credits to frank dividends, or the franking system may be subject to review or reform.

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

(j) **Litigation**

The Mader Group is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by its customers, intellectual property claims, personal injury claims, employee claims and other litigation and disputes.

If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Mader Group.

(k) **Investment Risk**

An investment in the Shares offered pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price paid for the Shares. While the Directors recommend the Offer, prospective investors must make their own assessment of the likely risks and determine whether an investment in the Mader Group is appropriate to their own circumstances.

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11.0 *Material Contracts*



11.1 Agreements Between the Company, SaleCo and Existing Shareholders

Share Sale Deeds

Certain Existing Shareholders have signed a share sale deed (**Share Sale Deeds**) pursuant to which it irrevocably offers to transfer some of its Shares to SaleCo free from all encumbrances and third-party interests such that SaleCo will hold 50,000,000 Shares for sale on completion of the Offer (being 25% of the Shares on issue on completion of the Offer).

The Shares being sold to SaleCo by Existing Shareholders comprise Shares currently on issue or which will be on issue on completion of outstanding Mader Group restructure activities (see Section 14.3).

The Share Sale Deeds are conditional upon the Offer proceeding. The amount payable by SaleCo to each Existing Shareholder is the same as the price received by SaleCo for the sale of Shares under the Offer.

Indemnification Deeds

Given the structure of the Offer, and the incorporation of SaleCo as a special purpose vehicle to enable Existing Shareholders to sell part of their investment in the Company on completion of the Offer, the Company has agreed to indemnify SaleCo, to the maximum extent permitted by law, from and against all losses directly or indirectly suffered or incurred by SaleCo in connection with, amongst other things, the Offer, the Underwriting Agreement, any deeds that it enters into with Existing Shareholders in respect of the sale by Existing Shareholders of Shares to SaleCo in order to facilitate the Offer.

Luke Mader and Craig Burton, Existing Shareholders and Directors of the Company, are also directors of SaleCo. The Company has also agreed to indemnify each Director of SaleCo, to the maximum extent permitted by law, from and against all losses directly or indirectly suffered or incurred by him or her in connection with, amongst other things, the Offer.

The Company has also entered into separate deeds of access, insurance and indemnity with each Director (as summarised in Section 8.7).

11.2 Underwriting Agreement

Bell Potter Securities Limited has agreed to be the lead manager and underwriter of the Offer pursuant to an underwriting agreement with the Company and SaleCo (**Underwriting Agreement**).

SaleCo will pay the underwriting fees of the Lead Manager and Underwriter, comprising:

- (a) a management fee of 1% of the gross amount raised under the Offer; and
- (b) an underwriting fee of:
 - (i) 3% of the gross amount raised under the Broker Firm Offer, Institutional Offer, Staff Offer and half of the gross amount raised under the Leadership Team Offer; and
 - (ii) 1% of the gross amount raised under the Priority Offer and half of the gross amount raised under the Leadership Team Offer.

The Underwriter is also entitled to be reimbursed for all reasonable out of pocket expenses incurred by it in connection with the Offer, including marketing and communication costs, roadshow expenses,

accommodation, travel and legal fees. These expenses, as well as all other costs of the Lead Manager and Underwriter, will be paid by the Company.

The Company and SaleCo make certain representations, warranties and undertakings to the best of their knowledge, information and belief to the Underwriter, including but not limited to:

- no breach of material agreement;
- legal compliance of this Prospectus;
- the Company and its subsidiaries holding all licences, permits and approvals necessary to enable it to carry on each of its businesses;
- compliance with the Corporations Act, any legally binding requirements of ASIC or ASX in all material respects and compliance with the Listing Rules; and
- correctness and completeness of information provided.

The Underwriter makes a number of representations and warranties to the Company and SaleCo including that:

- it has the power to enter into and perform the Underwriting Agreement;
- the obligations of the Underwriter under the Underwriting Agreement are valid, binding and enforceable; and
- it is not insolvent.

For 12 months from the date of the admission of the Company to the Official List the Company is committed to a number of restraints affecting its capital and operating base including restraints whereby it must not without the prior consent of the Underwriter issue any securities or alter its capital structure, amend its constitution, dispose or agree to dispose of the whole or a substantial part of its business or property or charge or agree to charge the whole or substantial part of its business or property other than in the normal course of business, as approved by the Underwriter or as disclosed in this Prospectus.

The Company and SaleCo have agreed to indemnify the Underwriter and its officers, employees, agents and advisers in a range of circumstances associated with the Offer and this Prospectus, subject to customary exclusions including fraud, wilful misconduct and negligence.

The Underwriter may elect to terminate its obligations under the Underwriting Agreement by notice to the Company if on or before the allotment of all the Shares, one of the events set out below occurs:

- (a) (Change to Share terms or constituent documents): other than as permitted under the Underwriting Agreement, a change occurs or is proposed in relation to the Share terms or constituent documents of SaleCo, the Company or any of its subsidiaries;
- (b) (Statements) the Prospectus contains a misleading or deceptive statement or a statement that is likely to mislead or deceive, omits material required by the Corporations Act or otherwise contravenes section 728 of the Corporations Act;
- (c) (Misleading and deceptive conduct): if the issue or distribution of the Prospectus or the making of the Offers or any conduct by the Company (or its officers, employees, agents, advisors or representatives) in respect of the Prospectus is or becomes misleading or deceptive or is likely to mislead or deceive;

- (d) (Financial assistance): the Company or any of its subsidiaries seeks shareholder approval for financial assistance under section 260B of the Corporations Act without the prior written consent of the Underwriter;
- (e) (Encumbrance): other than as disclosed in the Prospectus, the Company creates or agrees to create an encumbrance over the whole or a substantial part of its business or property;
- (f) (Acquisition): the Company or any of its subsidiaries acquires any major asset or enters into any major expenditure other than as disclosed in the Prospectus;
- (g) (ASX): ASX Approval has not been given within 2 months after the Lodgement Date or ASX refuses or withdraws ASX Approval;
- (h) (Insolvency Event): an insolvency event (as defined in the Underwriting Agreement) occurs in relation to the Company or any of its subsidiaries;
- (i) (Market movement): if the All Ordinaries Index or the Small Ordinaries Index closes 10% or more below its level as at the close of trading immediately preceding the date of the Underwriting Agreement at either (I) any time after the date of the Underwriting Agreement and for 3 or more consecutive business days or (II) on the business day before the deadline for subscription for shortfall;
- (j) (Officers and senior managers): an officer of the Company resigns or is removed from office, is charged with or convicted of a criminal offence or becomes a bankrupt, or steps are taken to achieve such an outcome;
- (k) (Timetable not met): if there is a delay in any specified date in the Timetable which is greater than 3 business days (unless such delay has been agreed);
- (l) (Certificates): the Company fails to deliver any certificate to the Underwriter as required under the Underwriting Agreement;
- (m) (Required meetings): any meeting of the Company required by any Government Agency or law or the rules of the ASX to approve the Underwriting Agreement, the Offers or anything related to the Offers is not held or does not produce the required approval;
- (n) (Statement of ASX): the ASX makes a statement to any person that official quotation of the Underwritten Shares will not be granted or the ASX does not give approval for the Offer Shares that are Underwritten Shares to be listed for official quotation on the ASX;
- (o) (Late lodgement): the Company does not lodge the Prospectus on 16 August 2019 (except with the consent of the Underwriter) or either of the Offers is withdrawn by the Company;
- (p) (Order by ASIC): ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act or gives notice of its intention to hold a hearing to determine if it should make a stop order;
- (q) (ASIC hearing and investigation): ASIC gives notice of intention to hold a hearing or investigation or requires information in connection with the Company, the Prospectus or either of the Offers (but does not include ASIC making informal inquiries or conducting routine audit of due diligence files or extending the exposure period for the Prospectus);
- (r) (Court order): an order is made in connection with the Prospectus or either of the Offers, under section 1324 or section 1325 of the Corporations Act;

- (s) (Consent withdrawal): any person, other than the Underwriter, who has previously consented to the inclusion of a statement made by them or based on a statement made by them in the Prospectus, withdraws that consent whether publicly or not;
- (t) (Offer withdrawn): the Company repays or offers to repay monies received by applicants or offers applicants an opportunity to withdraw their Application Forms after the Prospectus is lodged with ASIC;
- (u) (Supplementary or replacement prospectus): the Underwriter reasonably forms the view that a supplementary or replacement prospectus is required under the Corporations Act; or
- (v) (Material Adverse Change) if one or more of the following events either separately or together have or are likely to have a material adverse effect in the reasonable opinion of the Underwriter (where the expression "material adverse effect" includes events that have or are likely to have a materially adverse effect on the outcome of the Offer, the trading financial position, performance, business or operations of the Company, or could give rise to more onerous obligations of the Underwriter):
 - (i) (New circumstance): a material new circumstance has arisen since the Prospectus was lodged that would in the reasonable opinion of the Underwriter have been required by sections 710 or 711 of the Corporations Act to be included in the Prospectus if it had arisen before the Prospectus was lodged;
 - (ii) (Results of investigation): any of the results of investigations of the Company, any subsidiary conducted pursuant to the Company's due diligence program and verification material is or becomes false or misleading;
 - (iii) (Default): default by the Company or SaleCo under the Underwriting Agreement or any warranty or representation under the Underwriting Agreement is or becomes untrue;
 - (iv) (Material change): any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement affecting or relating to the Company or any of its subsidiaries including but not limited to the termination or suspension of a customer contract disclosed in the Prospectus or a material reduction or material delay in revenue derived from a customer contract disclosed in the Prospectus;
 - (v) (Disruption in financial markets): any of the following occurs:
 - (A) a general moratorium on commercial banking activities in Australia, the United Kingdom the United States, Hong Kong or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries for more than one business day;
 - (B) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended for at least one day on which that exchange is open for trading;
 - (C) any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in

- Australia, the United States or the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
- (D) a change or development (which was not publically known prior to the date of this agreement) involving a prospective change in taxation laws materially and adversely affecting the Company, SaleCo or the Offer occurs;
- (vi) (War): an outbreak of new hostilities or a state of war, whether declared or not, arises after the date of this agreement, or an escalation of hostilities already in existence occurs, involving, or a terrorist act is carried out after the date of this agreement in or against any diplomatic, military, commercial or political institution, establishment, body or personnel of:
- (A) Australia;
 - (B) Indonesia;
 - (C) India;
 - (D) the United Kingdom;
 - (E) Japan;
 - (F) People's Republic of China;
 - (G) Russia;
 - (H) New Zealand
 - (I) North Korea;
 - (J) South Korea;
 - (K) Malaysia;
 - (L) Singapore;
 - (M) any member country of the European Union; or
 - (N) the United States of America;
- (vii) (Contravention): a contravention by the Company or any of its subsidiaries or SaleCo of any provision of its constitution; the Corporations Act; any other applicable legislation or any requirement of ASIC or ASX; any law, regulation, authorisation, ruling, consent, judgment, order or decree of any Government Agency; or any encumbrance or document binding on Company;
- (viii) (Prescribed event): a "prescribed event" occurs in relation to the Company or a subsidiary;
- (ix) (Change of law): any government agency adopts or announces any change in law or policy or makes a policy determination; or
- (x) (Conduct defective): any of the making of the Offers, the issue of the Prospectus or the distribution of the Prospectus constitutes misleading or deceptive conduct.

11.3 Voluntary Escrow Deeds

The Company expects that no Shares will be classified as restricted securities by ASX and accordingly they will not be subject to mandatory ASX escrow.

Existing Shareholders have entered into voluntary escrow deeds (**Voluntary Escrow Deeds**) under which they have undertaken to the Company not to dispose of any interest in, or grant any security over, all of the Shares held by them on completion of the Offer until 31 October 2020.

Each of the Existing Shareholder's Shareholding in the Company on completion of the Offer is set out in Section 12.9. A total of 150,000,000 (representing 75% of Shares on issue on completion of the Offer) will be subject to restrictions pursuant to the Voluntary Escrow Deeds.

These restrictions will align the interests of Existing Shareholders with those of recipients of Shares under the Offer, and will promote an orderly market for the Shares by reducing any further sell-down of Shares by Existing Shareholders for a period of time after completion of the Offer.

However, the voluntary escrow restrictions do not apply to the sale, transfer, disposal or cancellation (as applicable) of the relevant escrowed Shares in the following circumstances:

- (a) where an Existing Shareholder accepts an offer under a takeover bid (as defined in the Corporations Act) in relation to their Shares, provided holders of not less than 50% of the Shares not subject to restrictions then on issue have accepted the takeover bid;
- (b) where the Shares of an Existing Shareholder are to be transferred or cancelled as part of a merger by way of a scheme of arrangement under Part 5.1 of the Corporations Act; or
- (c) where an Existing Shareholder elects to dispose of any escrowed Shares pursuant to a buy-back of Shares or a reduction of capital conducted by the Company.

The undertakings given by Existing Shareholders under the Voluntary Escrow Deeds may give the Company a "relevant interest" in the escrowed Shares outlined above for the purposes of the Corporations Act. However, the Company has applied to ASIC for relief so that the takeovers provisions of the Corporations Act will not apply to these relevant interests. Refer to Section 14.9 for further details.

11.4 Company General Contracting Terms

As outlined in Section 7.8, the Mader Group typically provides services to its customers in one three ways. Most of the Mader Group's revenue is generated through existing services contracts with customers, although a component of revenue is also generated by providing repeat services to customers under purchase orders or scopes of work without an existing services contract in place.

Where the Mader Group enters into a services agreement with a customer they will typically contain the following terms:

- (Term) The term of the agreement varies, but is generally between 1 and 5 years. The agreements are often subject to an initial term with an option for the customer to renew the agreement for an additional term or terms.
- (Rates) The agreement details fixed rates for the Mader Group's services based on an agreed schedule of rates for the duration of the agreement. Such rates are typically a fee

per hour per tradesperson provided and may be subject to annual reviews and may be varied by agreement of the Mader Group and the customer.

- (Termination) The agreement may be terminated by the customer on short notice, generally ranging from 1 to 3 months, but in some cases on shorter notice.
- (Provision of Services) Services are provided on an as needed basis pursuant to a purchase order or scope of work setting out a description of the services required. In some cases the Mader Group will be required to provide the services requested, but often the Mader Group will then be required to provide a services proposal to be considered by the customer.
- (Non-exclusive and No Minimum Spend) The agreements are non-exclusive and do not oblige the customer to commit to a minimum spend or use of the Mader Group's services.
- (Compliance) The Mader Group must ensure that all services it provides comply with all relevant legislation, regulation, standards, codes and guidelines as well customer specific standards, policies, procedures and systems, including in relation to the qualifications of the Mader Group personnel and any inductions, testing or training of required of the Mader Group personnel. The customer's general contracting terms often also apply to the services provided by the Mader Group.
- (KPIs) Agreements are often subject to key performance indicators based on health and safety and quality of work.
- (Reporting) The Mader Group generally must keep up to date records of all services it provides to customers, including in relation to all labour, plant and equipment materials chargeable to a customer, and is often subject to regular reporting obligations.
- (Project Accommodation, Messing and Travel) Where applicable, the customer typically provides messing, accommodation for the Mader Group's personnel at the customer's cost. Where projects are in remote locations, customers will also typically provide flights for the Mader Group's personnel at their cost.
- (Insurance) The Mader Group is typically required to maintain minimum insurances including workers' compensation insurance, public and product liability insurance, property insurance, motor vehicle insurance, professional indemnity insurance and such other insurances as the customer requires.
- (Representations, warranties and indemnities) The agreements generally contain representations and warranties from the Mader Group and the customer that are typical for contracts of this nature. The agreements also generally contain an indemnity by the Mader Group to the customer for any liability which arises from any breach of the agreement by the Mader Group in providing the services, although the Mader Group's liability is often capped.

The Mader Group considers that the services agreements it entered into with customers are otherwise on ordinary commercial terms, typical for contracts of their nature.

11.5 Summary of Debt Facilities

The Mader Group has entered into various facilities with National Australia Bank Limited (**NAB**) for NAB to provide debt finance to the Company and other members of the Mader Group (**Bank**

Facilities). The Bank Facilities comprise Invoice Facilities and Master Asset Facilities. A summary of the Bank Facilities, including the facility limits, current drawn down amounts and financial covenants, is set out in Section 9.7.

The Bank Facilities are secured by an interlocking guarantee and indemnity given by the Company and its directors, Mader Contracting and Mader Queensland in the amount of approximately \$39 million, supported by general security agreements with the Company, Mader Contracting and Mader Queensland, a letter of undertaking from Mader Contracting and Mader Queensland and debt subordination deeds from Mader Contracting and Mader Queensland in favour of debts owed to NAB.

The NAB Invoice Facilities provide Mader Contracting and Mader Queensland with access to a total of \$22 million for short term cash flow pending payment of customer invoices for up to 90 days. Under the Invoice Facilities, up to 80% of the eligible invoice value of either Mader Contracting or Mader Queensland (as applicable) is available up to the facility limit. The facility balance is reduced as debtors pay into the Mader Group's accounts. Interest is based on the lending indicator rate plus a margin of 2.88% per annum. The Mader Group has given certain covenants and undertakings in favour of NAB under the Invoice Facilities, including annual maximum dividend payout ratios, minimum debt service coverage restrictions and capital adequacy restrictions. The key covenants given by the Mader Group in favour of NAB are summarised in Section 9.7. The terms of the invoice facilities are otherwise on usual market terms for a facility of this nature.

The NAB Master Asset Finance Facilities with each of Mader Contracting and Mader Queensland set out the terms applicable to any lease agreement, hire purchase agreement and loan agreement. Mader enters into an asset finance agreement with NAB for specific plant and equipment by completing an agreed form schedule which must be countersigned by NAB to be accepted. The term for each asset finance agreement is detailed on a transaction by transaction basis and NAB may refuse a request to utilise the facility at its discretion and/or impose transaction specific conditions. Loans may not be voluntarily repaid without NAB's consent and any prepayment that is permitted with incur additional fees. The Mader Group has given representations, warranties and undertakings in favour of NAB, including undertakings aimed at protecting and maintaining the plant and equipment and restrictions on dealings (eg, granting security interests over good). The asset facilities are otherwise on usual market terms for facilities of this nature.

NAB has also provided the Mader Group a bank guarantee in the value of \$326,288, provided on standard commercial lending terms, as security for the lease of the office at 2 George Wiencke Drive, Perth Airport. The office is leased for 8 years plus a four-year option term. This guarantee is secured by the interlocking guarantee and indemnity given by the Company and its directors, Mader Contracting and Mader Queensland referred to above. As part of the listing process the Company intends to seek that the personal guarantees given by some of the Company's directors be removed.

In addition to the above facilities, Mader Corporation has a master loan facility with Wells Fargo Equipment Finance for US\$1.17 million which matures on 30 June 2024. The loan is secured by a general security agreement with Mader Corporation and a guarantee and indemnity given by the Company.

11.6 Agreements with Directors, Related Parties and Key Management Personnel

A summary of the agreements with Directors, key management personnel and related parties of the Company is set out in Section 8.7.

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12.0 *Details of the Offer*

12.1 The Offer and Minimum Subscription

The Offer is an initial public offering of 50,000,000 Shares for sale by Existing Shareholders through SaleCo.

The Existing Shareholders have irrevocably offered to sell 50,000,000 Shares to SaleCo free from encumbrances and third party rights and have undertaken to deliver the Shares to or as directed by SaleCo subject to conditions of the Offer (outlined in Section 12.3 below) being satisfied and following completion of outstanding Mader Group restructure activities (refer to Section 14.3 for further details).

The minimum level of subscription for the Offer is the amount of the Offer (being 50,000,000 Shares) (**Minimum Subscription**). No Shares will be transferred under the Offer until the Minimum Subscription has been received. If the Minimum Subscription is not received within four months after the date of this Prospectus (or such period as varied by ASIC), no Shares will be transferred under this Prospectus and all Application Monies received under this Prospectus will be repaid (without interest) in accordance with the Corporations Act.

The Offer is fully underwritten by the Lead Manager and Underwriter. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 11.2.

The Offer may be withdrawn at any time before Shares are transferred to Successful Applicants under this Prospectus. The Offer is made on the terms, and subject to the conditions, set out in this Prospectus.

All Shares sold pursuant to this Prospectus will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 14.1.

Applications for Shares must be made on the applicable Application Form accessible with a copy of this Prospectus and received by the Company, SaleCo or the Lead Manager (as applicable) on or before the Closing Date. Persons wishing to apply for Shares should refer to Section 12.14 for further details and instructions.

12.2 Structure of the Offer

The Offer comprises:

- (a) the Retail Offer, consisting of the:
 - Broker Firm Offer – which is open to Australian resident retail customers of participating Brokers, who have a registered address in Australia and who receive an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States; and
 - Priority Offer – which is open to selected investors nominated by the Company in eligible jurisdictions, who have received a Priority Offer invitation to acquire Shares under this Prospectus;
- (b) the Institutional Offer – which consists of an offer to Institutional Investors in Australia, New Zealand, Hong Kong and certain other jurisdictions around the world, made under this Prospectus; and
- (c) the Employee Offer, consisting of the:

- Leadership Team Offer – an offer of up to approximately 0.4 million Shares which is open to Non-Executive Directors of the Company (excluding Craig Burton) and the Company's key management personnel; and
- Staff Offer – an offer of up to 2.9 million Shares which is open to eligible employees of the Company as determined by the Board.

Shares are being offered under the Retail Offer and the Institutional Offer at the Offer Price. Shares are being offered under the Employee Offer at the Employee Offer Price.

The allocation of Shares between the Institutional Offer, Broker Firm Offer and Priority Offer was determined by agreement between the Lead Manager, SaleCo and the Company. For further information regarding the allocation of Shares within each of the Broker Firm Offer, Priority Offer and the Institutional Offer, see Sections 12.14 to 12.17.

Shares not subscribed for under the Employee Offer will be made available under the Priority Offer or the Retail Offer at the Offer Price.

12.3 Conditions of the Offer

The Offer is conditional upon the following events occurring:

- the Minimum Subscription being achieved; and
- ASX granting conditional approval for the Company to be admitted to the Official List (refer to Section 12.6),

(together the **Conditions of the Offer**).

If the Conditions of the Offer are not achieved, then the Offer will not proceed and all Application Monies received will be repaid (without interest) in accordance with the Corporations Act.

12.4 Purpose of the Offer

The purpose of the Retail Offer and the Institutional Offer is to:

- broaden the Company's shareholder base and provide a liquid market for its Shares;
- provide an opportunity for the Existing Shareholders to realise a portion of their investment;
- provide the broader business with the benefits of increased profile, transparency and credibility that arises from being an ASX listed entity; and
- satisfy the requirements for the admission of the Company to the Official List of ASX which will enable efficient trading of Shares, as well to increases access to additional funding after the Offer.

The purpose of the Employee Offer is to:

- increase the level of employee ownership; and
- foster continued loyalty and ongoing performance by current employees.

12.5 Application of Offer Proceeds

The Offer is expected to raise between approximately \$49.7 million to \$50 million (before costs) for Existing Shareholders. This amount represents the proceeds from the sale of Shares by SaleCo and

will be paid to a trust account operated by SaleCo. The amount raised by the Offer will be passed on to each Existing Shareholder in proportion to the number of Shares they have sold under the Offer.

The Costs of the Offer are anticipated to be as follows:

- Lead Manager fees (including selling fees), which are payable by Existing Shareholders (refer to Section 12.24 for further details); and
- the other costs of the Offer identified in Section 14.11, which are payable by the Company.

The funds for the sale of Shares under the Offer will not be paid to the Company. The Company will not raise any amount under the Offer.

12.6 ASX Listing

The Company will apply to ASX within seven days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares, other than any Shares that the ASX is likely to treat as "restricted securities" (as that term is defined in the Listing Rules). The Company expects that no Shares are likely to be treated as restricted securities under the Listing Rules (refer to Section 12.11 for further details). If the Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue or transfer any Shares all application monies received for the Shares will be repaid within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for sale.

12.7 Working Capital

The Board is satisfied that upon completion of the Offer the Company will have sufficient working capital to meet its stated objectives as set out in this Prospectus.

12.8 Capital Structure

Following completion of the outstanding Mader Group restructure activities, which will complete immediately prior to completion of the Offer (refer to Section 14.3 for further details), the Company will have 200,000,000 Shares on issue. On completion of the Offer the Company will have 200,000,000 Shares on issue. The Company will have no other securities on issue.

12.9 Shareholder Structure

The ownership structure of the Company immediately prior to and on completion of the Offer is shown in the table below.

SHAREHOLDER	BEFORE OFFER ³		ON COMPLETION OF OFFER	
	NUMBER	%	NUMBER	%
Existing Shareholders ¹	200,000,000	100%	150,000,000	75%
New Shareholders under the Offer	0	0%	50,000,000	25%
Total³	200,000,000	100%	200,000,000	100%

Notes:

- 1 Refer to Section 14.2 for further details.
- 2 Under the Company Offer the Company may also issue up to 1,000 Shares which, if issued, would take the total number of Shares on issue on completion of the Offer to 200,001,000.
- 3 There are outstanding Mader Group restructure activities that will be completed immediately prior to completion of the Offer (refer to Section 14.3 for further details).

12.10 Substantial Shareholder's Interests on Completion of the Offer

Details of the anticipated substantial Shareholders in the Company on completion of the Offer is set out in Section 14.2.

12.11 Restricted Shares and Voluntary Escrow Arrangements

Existing Shareholders have agreed to voluntary escrow restrictions in respect of the Shares held by them on completion of the Offer (comprising a total of 150,000,000 Shares) until 31 October 2020. Refer to Section 11.3 for further details.

Shares offered under the Leadership Team Offer will be subject to a holding lock for 12 months after the Company's admission to the Official List of the ASX. Shares offered under the Staff Offer will be subject to a holding lock for 3 months after the Company's admission to the Official List of the ASX. The Company will direct the Share Registry to apply a holding lock on Shares issued under the Leadership Team Offer and the Staff Offer as described above. Whilst the holding lock remains in place, these Shares cannot be transferred without the consent of the Company. At the end of the applicable escrow period or once the holding lock has been removed, these Shares will be freely tradable on ASX.

A table outlining Shares which will subject to the voluntary escrow restrictions or holding locks on completion of the Offer is set out below:

SHAREHOLDER	NUMBER OF SHARES	% OF SHARES ON ISSUE
Existing Shareholders ¹	150,000,000	75%
Leadership Team and Staff Offer Applicants	3,300,000 ²	1.6%
Total	153,300,000	76.6%

Notes:

- 1 Refer to Section 14.2 for further details.
- 2 Maximum amount offered under the Employee Offer. Total may vary depending on applications received under the Employee Offer.

All other Shares offered under this Prospectus will be freely transferrable from the date of their transfer or issue.

The Company expects that no Shares will be classified as restricted securities by ASX and no Shares will be subject to any additional escrow restrictions in accordance with the Listing Rules.

12.12 Free Float

On completion of the Offer the Company expects that it will have a free float (within the meaning of the Listing Rules) of approximately 23% to satisfy an ASX condition for the admission of the Company to the Official List of the ASX.

The free float comprises those Shares which are:

- not subject to voluntary escrow restrictions (see Section 12.11 for further details); and
- not held by persons who are related parties, or associates of related parties, of the Company (refer to Section 8.4 for further details).

12.13 Dividend Policy

The forecast dividend for FY2020 is 3 cents per Share, representing an annualised dividend yield of 3%, to be paid as follows:

- an interim dividend of 1.5 cents per Share payable in March 2020; and
- a final dividend of 1.5 cents per Share payable in September 2020.

Dividends for FY2020 are expected to be fully franked.

It is the intention of the Board to pay a dividend to Shareholders of between 25% and 50% of the Company's net profit after tax, franked to the maximum extent permissible by reference to taxation requirements including, but not limited to, the balance of the Company tax consolidated franking account. The Board intends to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year (other than the full financial year ending 30 June 2019).

No assurance can be given by SaleCo, the Company or its Directors about the payment of any dividend or distribution, or the level of franking on any such dividend. The payment of a dividend by the Company is at the discretion of the Board and will be a function of numerous factors including the general business environment, the operating results and financial condition of the Company, future funding requirements, capital management activities, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company and any other factors the Directors may consider relevant.

Please read the Company Financial information in conjunction with the assumptions underlying its preparation as set out in Section 9 and the risk factors set out in Section 10 concerning dividends.

12.14 Terms and Conditions of the Offer

TOPIC

SUMMARY

What is the type of security being offered?

Shares (being fully paid ordinary Shares in the Company).

What are the rights and liabilities attached to the Shares being offered?

A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 14.1.

TOPIC	SUMMARY
What is the consideration payable for each Share being offered?	The Offer price under the Retail Offer and the Institutional Offer is \$1.00 per Share. The Offer price under the Employee Offer is \$0.90 per Share.
What is the Offer period?	<p>The key dates, including details of the Offer period, are set out in the key dates on page 9 of this Prospectus. The key dates are indicative only and may change.</p> <p>The Company and the Lead Manager reserve the right to amend any or all of the times and dates of the Offer without notice subject to the Listing Rules, the Corporations Act and other applicable laws, including closing the Offer early, extending the Offer, deferring the date of Completion of the Offer, accepting late Applications either generally or in particular cases, allotting Shares at different times to investors, or to cancel or withdraw the Offer without prior notice.</p> <p>If the Offer is cancelled or withdrawn before the allocation and issue of Shares to successful Applicants, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>No Shares will be issued on the basis of this Prospectus later than the expiry date of this Prospectus (refer to Section 1.1).</p> <p>The quotation and commencement of trading of the Shares is subject to confirmation from ASX.</p>
How much is to be raised under the Offer?	Between approximately \$49.7 million to \$50 million (before costs) is expected to be raised for Existing Shareholders under the Offer.
Is the Offer underwritten?	Yes, the Offer is fully underwritten by the Lead Manager and Underwriter.
Who is lead managing the Offer?	The Lead Manager is Bell Potter Securities Limited.

TOPIC**SUMMARY**

What is the minimum and maximum Application size under the Offer?

The minimum Application under the:

- Broker Firm Offer is \$2,000 of Shares in aggregate. There is no maximum Application size under the Broker Firm Offer, however the Company and the Lead Manager reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for;
- Priority Offer is \$2,000 of Shares in aggregate. Priority Offer Applicants may apply for up to the value of Shares indicated in their Priority Offer invitation; and
- The Employee Offer is \$2,000 of Shares in aggregate. There is no maximum Application size under the Leadership Team Offer, however the Company reserves the right to reject or scale back any Applications in the Leadership Team Offer. Applications under the Staff Offer will be for a maximum of \$20,000 worth of Shares in aggregate. The Company reserves the right to reject or scale back any Applications in the Staff Offer.

For more information, see Sections 12.15, 12.16 and 12.17.

What is the currency of application monies?

Application monies must be in Australian dollars.

What is the allocation policy?

The allocation of Shares between the Broker Firm Offer, Priority Offer and Institutional Offer, was determined by the Lead Manager and Underwriter and the Company, having regard to the allocation policies outlined in Sections 12.15, 12.16 and 12.17.

In respect of the Broker Firm Offer, it is a matter for each Broker to determine how they will allocate Shares among their eligible retail clients.

The final allocation of Shares under the Priority Offer will be determined by the Company, in consultation with the Lead Manager, subject to the minimum allocation for Applicants under the Priority Offer.

Allocations under the Employee Offer will be determined by the Company.

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

It is expected that initial holding statements will be dispatched by standard post on or about 23 September 2019.

TOPIC**SUMMARY**

Will the Shares be quoted?	<p>The Company will apply to ASX within seven days of the Prospectus Date for its admission to the Official List, and quotation of Shares by, ASX under the code 'MAD'.</p> <p>Completion of the Offer is conditional on the ASX approving this application. If permission is not granted for the official quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), the Offer may be withdrawn and all Application Monies received by the Company will be refunded (without interest), as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p> <p>For more information, see Section 12.6.</p>
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on ASX will commence on or about 26 September 2019.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> <p>To the maximum extent permitted by law, the Company, SaleCo, the Directors of the Company and SaleCo, the Existing Shareholders, the Share Registry and the Lead Manager and Underwriter disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Share Registry, by a Broker or otherwise.</p>
Are there any escrow arrangements?	<p>Yes. Details are provided in Section 12.11.</p>
Has an ASIC relief or ASX waiver been obtained or been relied on?	<p>The Company has applied to ASIC for relief so that the takeovers provisions of the Corporations Act will not apply to certain relevant interests that the Company would otherwise acquire in the Shares that are subject to the Voluntary Escrow Deeds. Refer to Section 14.9 for further details.</p>
Are there any tax considerations?	<p>Refer to Section 14.10.</p>
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 11.2 for details of various fees payable by the Existing Shareholders to the Lead Manager and Underwriter.</p>

TOPIC**SUMMARY**

What should you do with any enquiries?

Questions relating to the Offer, including completion of an Application Form, can be directed to the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday (excluding public holidays) during the Offer Period.

Questions relating to the Prospectus can be directed to the Company on +61 8 9353 3393 between 9.00am and 5.00pm (WST) Monday to Friday (excluding public holidays).

All enquiries in relation to the Broker Firm Offer should be directed to your Broker.

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 consult with your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

12.15 Applications under the Retail Offer

BROKER FIRM OFFER

PRIORITY OFFER

Who may apply?

The Broker Firm Offer is open to clients of participating Brokers who have a registered address in Australia and who received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

The Priority Offer is open to selected investors nominated by the Company in eligible jurisdictions who have received a Priority Offer invitation to acquire Shares under the Prospectus. The Priority Offer is not open to persons who are in the United States. Your personalised invitation will indicate an amount of Shares that you may apply for.

How to apply?

If you have received an invitation from your Broker and you wish to apply for shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Broker Firm Offer Application Form, or download a copy at www.madergroup.com.au/investors. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5:00pm (AEST) on the Closing Date or any earlier closing date as determined by your Broker.

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you must apply in accordance with the instructions provided in your personalised invitation to apply. Applicants under the Priority Offer must pay their Application Monies by BPAY® in accordance with the instructions on the online Application Form.

For personal use only

For personal use only

BROKER FIRM OFFER**PRIORITY OFFER**

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, SaleCo, the Directors of the Company and SaleCo, the Existing Shareholders, the Share Registry and the Lead Manager and Underwriter take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

Offer period The Broker Firm Offer and the Priority Offer open at 9:00am (AEST) on 23 August 2019 and are expected to close at 5:00pm (AEST) on 12 September 2019. The Company and the Lead Manager may elect to close the Broker Firm Offer and the Priority Offer or any part of them early, extend the Broker Firm Offer and the Priority Offer or any part of them, or accept late Applications either generally or in particular cases. The Broker Firm Offer and the Priority Offer, or any part of them, may be closed at any earlier date and time, without further notice.

In relation to the Broker Firm Offer or the Priority Offer, your Broker, the Lead Manager or the Company may also impose an earlier closing date. Please contact your Broker for instructions.

Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens.

Is there a minimum Application size?

Applications under the Broker Firm Offer and the Priority Offer must be for a minimum of \$2,000 worth of Shares in aggregate.

For personal use only

BROKER FIRM OFFER

PRIORITY OFFER

How to pay? Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by your Broker.

Applicants under the Priority Offer must pay their Application Monies by BPAY® in accordance with the instructions on the online Application Form. When completing your BPAY® payment, please make sure to use the specific biller code and unique CRN provided to you or generated by the online Application Form.

Application Monies paid via BPAY® must be received by the Share Registry by no later than 5.00pm (AEST) on 12 September 2019 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Lead Manager take any responsibility for any failure to receive Application Monies or payment by BPAY® before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

Allocation policy? The allocation of Shares to Brokers will be determined by the Lead Manager, in agreement with the Company and SaleCo. Shares which are allocated to Brokers for allocation to their Australian retail resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company, SaleCo and the Lead Manager to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

The allocation of Shares among Applicants in the Priority Offer will be determined by SaleCo and the Company, in consultation with the Lead Manager. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

	BROKER FIRM OFFER	PRIORITY OFFER
How to confirm your application?	<p>Applicants in the Broker Firm Offer will be able to call the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday (excluding public holidays) to confirm their allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.</p> <p>If you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Company or the Share Registry or confirmed your allocation through the Broker from whom you received your allocation.</p>	<p>Applicants in the Priority Offer will be able to call the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday (excluding public holidays) to confirm their allocation.</p> <p>If you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Company or the Share Registry.</p>
Acceptance	<p>An Application in the Broker Firm Offer or Priority Offer is an offer by you to the Company to apply for Shares in the dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.</p> <p>An Application may be accepted by the Company in respect of the full number of Shares specified in the relevant Application Form (or the dollar value equivalent) without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application.</p> <p>The Company and the Lead Manager reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application.</p> <p>Successful Applicants in the Retail Offer will be transferred Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.</p>	

12.16 Applications under the Employee Offer

The Employee Offer will be made available to eligible employees as determined by the Board. The total number of Shares offered under the Employee Offer will be approximately 3.3 million comprising:

- (a) approximately 0.4 million Shares under the Leadership Team Offer; and
- (b) approximately 2.9 million Shares under the Staff Offer.

Shares not subscribed for under the Employee Offer will be made available under the Priority Offer or the Retail Offer at the Offer Price.

If you have received a personalised invitation to apply for Shares under the Employee Offer and you wish to apply for all or some of those Shares, you must apply in accordance with the instructions

provided in your personalised invitation to apply. Applicants under the Employee Offer must pay their Application Monies by BPAY® in accordance with the instructions on the online Application Form. When completing your BPAY® payment, please make sure to use the specific biller code and unique CRN provided to you or generated by the online Application Form. Application Monies paid via BPAY® must be received by the Share Registry by no later than 5.00pm (AEST) on 12 September 2019 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company or the Lead Manager and Underwriter take any responsibility for any failure to receive Application Monies or payment by BPAY® before the Employee Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

Applications under the Employee Offer must be for a minimum of 2,000 Shares in aggregate. There is no maximum Application size under the Leadership Team Offer, however the Company reserves the right to reject or scale back any Applications in the Leadership Team Offer. Applications under the Staff Offer will be for a maximum of 20,000 Shares in aggregate. The Company reserves the right to reject or scale back any Applications in the Staff Offer.

The Employee Offer opens at 9:00am (AEST) on 23 August 2019 and is expected to close at 5:00pm (AEST) on 12 September 2019. The Company may elect to close the Employee Offer or any part of it early, extend the Employee Offer or any part of it, or accept late Applications either generally or in particular cases. The Employee Offer, or any part of it, may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens.

The allocation of Shares among Applicants in Employee Offer will be determined by SaleCo and the Company. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

Applicants in the Employee Offer will be able to call the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (AEST), Monday to Friday (excluding public holidays) to confirm their allocation.

If you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Company or the Share Registry.

An Application in the Employee Offer is an offer by you to the Company to apply for Shares in the dollar amount specified in the Application Form at the Employee Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company in respect of the full number of Shares specified in the relevant Application Form (or the dollar value equivalent) without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application.

The Company reserves the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Employee Offer, or to waive or correct any errors made by the Applicant in completing their Application.

Successful Applicants in the Employee Offer will be transferred Shares at the Employee Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

12.17 The Institutional Offer

Under the Institutional Offer, Institutional Investors in Australia, New Zealand, Hong Kong and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Shares under this Prospectus. The Lead Manager separately advised Institutional Investors of the Application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made under this Prospectus and are at the Offer Price per Share.

The allocation of Shares among Applicants in the Institutional Offer was determined by the Lead Manager by agreement with the Company.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Completion of the Offer;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall anticipated level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- other factors that the Company and the Lead Manager considered appropriate.

12.18 BPAY® Payments

BPAY® payments must be made from an Australian dollar account of an Australian institution. Using the BPAY® details, applicants must:

- access their participating BPAY® Australian financial institution either via telephone or internet banking;
- select to use BPAY® and follow the prompts;
- enter the biller code and unique customer reference number that corresponds to the online Application;
- enter the amount to be paid which corresponds to the value of Shares under the online Application;
- select which account payment is to be made from;

- schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- record and retain the BPAY® receipt number and date paid.

Applicants should confirm with their Australian financial institution:

- whether there are any limits on the investor's account that may limit the amount of any BPAY® payment; and
- the cut off time for the BPAY® payment.

If such payment is not made via BPAY®, the online Application will be incomplete and will not be accepted. Applications must be received by no later than 5.00pm (AEST) on 12 September 2019 and it is your responsibility to ensure that this occurs.

12.19 Application Monies to be Held on Trust

The Company, SaleCo and the Lead Manager reserve the right to decline any Application in whole or in part, without giving any reason. Application Monies received under the Broker Firm Offer or the Priority Offer will be held in a trust account of SaleCo until Shares are transferred under this Prospectus to successful Applicants. Applicants under the Broker Firm Offer and the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies by the Offer Price or the Employee offer Price, as the case may be. Where the price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your cheque(s), bank draft(s) or BPAY® payment. If the amount of your cheque(s), bank draft(s) or BPAY® payment for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

12.20 Brokerage

No brokerage, commission or stamp duty will be payable by Applicants on the acquisition of Shares under the Offer. Refer to Section 12.24 for a summary of the selling fees payable under the Offer, which are all payable by the Existing Shareholders through SaleCo.

12.21 Acknowledgements

Applicants should read this Prospectus carefully and in its entirety before deciding whether to apply under the Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the AUD amount shown on the front of the Application Form;
- agreed to being allocated and transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer, Priority Offer or the Employee Offer), or otherwise satisfies the requirements in Sections 12.14 to 12.17;
- acknowledged and agreed that the Offer may be withdrawn by SaleCo or the Company and or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Broker Firm Offer and the Priority Offer and each person to whom the Institutional Offer has been made under this Prospectus will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws in accordance with the US Securities Act registration requirements or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;

- it is not in the United States;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction meeting the requirements of the US Securities Act;
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold;
- if you (or any person for whom you are acquiring the Shares) are in Hong Kong, you (and any such person) are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong; and
- If you (or any person for whom you are acquiring or procuring the Shares) are in New Zealand, you (and any such person):
 - (a) are a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act;
 - (b) acknowledge that: (i) Part 3 of the FMC Act shall not apply in respect of the offer of Shares to you, (ii) no product disclosure statement under the FMC Act may be prepared in respect of the offer of Shares and (iii) any information provided to you in respect of the offer is not required to, and may not, contain all of the information that a product disclosure statement under New Zealand law is required to contain;
 - (c) warrant that if in the future you elect to directly or indirectly offer or sell any of the Shares allotted to you, you undertake not to do so in a manner that could result in (i) such offer or sale being viewed as requiring a product disclosure statement or other similar disclosure document or any registration or filing in New Zealand, (ii) any contravention of the FMC Act or (iii) the Company or its directors incurring any liability; and
 - (d) warrant that (i) any person for whom you are acquiring Shares meets one or more of the criteria specified in subclause (a) above and (ii) you have received, where required, a safe harbour certificate in accordance with clause 44 of Schedule 1 of the FMC Act.

12.22 Discretion Regarding the Offer

The Company and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). SaleCo, the Company and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

12.23 Applicants Outside Australia

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

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the transfer of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

12.24 Selling Fees and Costs of the Offer

The Company and SaleCo have engaged Bell Potter Securities Limited to act as Lead Manager and Underwriter of the Offer. The fees payable to the Lead Manager for these roles are set out in Section 11.2 and there are no other fees payable to the Lead Manager in connection with the Offer other than as set out in that section. Any selling fees required to be paid to third party licensed financial advisors or brokers will be paid by the Lead Manager.

The Company and the Existing Shareholders have agreed that:

- the Existing Shareholders will pay for all Lead Manager fees, including selling fees, payable in relation to the Offer; and
- the Company will pay for all other costs in relation to the Offer, including ASX and ASIC fees, the Investigating Accountant's fees, share registry fees and legal costs (refer to Section 14.11 for further details).

12.25 Company Offer

This Prospectus also contains the Company Offer, being the offer of 1,000 Shares by the Company at a price of \$1.00 per Share. The purpose of the Company Offer is to enable the Company to issue this Prospectus. The Company will provide an application form with a copy of this Prospectus to investors at the Board's discretion to subscribe for Shares under the Company Offer. If the Offer does not proceed the Company Offer will also not proceed.

12.26 CHESS and Issuer Sponsorship

The Company will apply to participate in the Clearing House Electronic Sub-register System (**CHESS**), for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

All trading on the ASX in the Shares will be settled through CHESS. ASX Settlement Pty Ltd (**ASXS**), a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of securities.

Under CHESS, the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares transferred to them under this Prospectus. The notice will also advise holders of their holder identification number or security holder reference number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship. Ownership of securities can be transferred without having to rely upon paper documentation.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their security holdings changes. Shareholders may request a statement at any other time, however a charge may be made for additional statements.

12.27 Risks

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 10 of this Prospectus. Before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

12.28 Privacy Statement

If you complete an Application for Shares, you will be providing personal information to SaleCo and the Company. SaleCo and the Company collect, hold and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that the Company and SaleCo holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in the Corporate Directory.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company and SaleCo may not be able to accept or process your Application.

12.29 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither SaleCo, the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

12.30 Enquiries

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Shares under this Prospectus.

Questions relating to the Prospectus can be directed to the Company on +61 8 9353 3393 between 9.00am and 5.00pm (WST) Monday to Friday (excluding public holidays).

Questions relating to the Offer, including completion of an Application Form, can be directed to the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside of Australia) between 9.00am and 5.00pm (AEST) Monday to Friday (excluding public holidays) during the Offer Period.

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13.0 *Independent Limited Assurance Report*

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MADER GROUP LIMITED
Independent Limited Assurance Report

15 August 2019





Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

15 August 2019

The Directors of
Mader Group Limited
Alpha Building, Suite A1, Hkew,
2 George Wiencke Dr,
Perth Airport WA 6105

The Directors of
Mader SaleCo Pty. Ltd.
Alpha Building, Suite A1, Hkew,
2 George Wiencke Dr,
Perth Airport WA 6105

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) has been engaged by Mader Group Limited (**'the Company'**) to prepare this Independent Limited Assurance Report (**'Report'**) in relation to certain financial information of the Company, for the Initial Public Offering of shares in the Company, for inclusion in the Prospectus. Broadly, the offer under the Prospectus will be for 50,000,000 Shares (**'the Offer'**). The Offer comprises the Retail Offer, Institutional Offer and Employee Offer.

The offer price of the Retail Offer and the Institutional Offer is \$1.00 per share. Of the total Offer, approximately 3.3 million shares may be issued to employees of the Company at an issue price of \$0.90 under the Employee Offer. The Offer is a sell down by existing shareholders of the Company. The Offer is subject to a minimum subscription level of 50,000,000 shares.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a review engagement in relation to the pro forma historical financial information described below and disclosed in the Prospectus.

The pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian

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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 BDO to review the following pro forma historical financial information (the **'Pro Forma Historical Financial Information'**) of the Company included in the Prospectus:

- The Pro Forma Consolidated Statements of Comprehensive Income for the years ended 30 June 2017 and 30 June 2018 (**'FY Pro Forma Consolidated Statements of Comprehensive Income'**);
- The Pro Forma Consolidated Statement of Comprehensive Income for the six months ended 31 December 2017 (1H2018) and 31 December 2018 (1H2019) (**'HY Pro Forma Consolidated Statements of Comprehensive Income'**);
- The Pro Forma Consolidated Statements of Cash Flows for the years ended 30 June 2017 and 30 June 2018 (**'FY Pro Forma Consolidated Cash Flow Statements'**);
- The Pro Forma Consolidated Statement of Cash Flows for 1H2018 and 1H2019 (**'HY Pro Forma Consolidated Cash Flow Statements'**);
- The Pro Forma Consolidated Statement of Financial Position as at 31 December 2018 (**'Pro Forma Consolidated Statement of Financial Position'**); and
- The Pro Forma Consolidated Statement of Financial Position as at 31 December 2018 following the Offer (**'Adjusted Pro Forma Consolidated Statement of Financial Position'**).

The Pro Forma Historical Financial Information has been derived from the historical financial information of the Company and its subsidiaries, after adjusting for the effects of restructuring described in Section 9 and other Sections of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 9 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information following the Offer has been compiled by the Company to illustrate the impact of the event(s) or transaction(s) described in Section 9 of the Prospectus on the Company's financial position as at 31 December 2018.

Forecast Financial Information

You have requested BDO to review the following forecast financial information (collectively the **'Forecast Financial Information'**) of the Company included in the Prospectus:

- The Forecast Pro Forma Consolidated Income Statement for the financial years ending 30 June 2019 and 30 June 2020 (**'FY Pro forma Forecast Consolidated Financial Performance'**); and
- The Forecast Pro Forma Consolidated Statement of Cash Flows for the years ending 30 June 2019 and 30 June 2020 (**'FY Pro forma Forecast Consolidated Cash Flows'**).

The Forecast Financial Information of the Company comprising the Forecast Pro Forma Consolidated Statement(s) of Financial Performance for the year(s) ending 30 June 2019 and 2020 (together the **'Forecast Financial Information'**). The Forecast Financial Information

comprises of the actual results for the six-months ended 31 December 2018 which were reviewed by BDO Audit (WA) Pty Ltd, actual results for the four months ended 30 April 2019 based on the management accounts, forecast results for the two months ending 30 June 2019 (collectively resulting in the forecast for the full financial year ending 30 June 2019) and the forecast results for the financial year ending 30 June 2020.

3. Directors' responsibility

The directors of the Company are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the Pro Forma Historical Financial Information. The directors of the Company are also responsible for the preparation and presentation of the Forecast Financial Information, including the best-estimate assumptions underlying the Forecast Financial Information, also the selection and determination of the adjustments made to the Forecast Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Pro Forma Historical Financial Information and Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Pro Forma Historical Financial Information, Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information, based on our review. 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*.

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

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

5. Conclusion

Pro Forma Historical Financial information

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- FY Pro Forma Consolidated Statements of Comprehensive Income;
- HY Pro Forma Consolidated Statements of Comprehensive Income;
- FY Pro Forma Consolidated Cash Flow Statements;
- HY Pro Forma Consolidated Cash Flow Statements;
- Pro Forma Consolidated Statement of Financial Position; and

- Adjusted Pro Forma Consolidated Statement of Financial Position,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Forecast Financial Information

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

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information of the Company for the years ending 30 June 2019 and 30 June 2020 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions, as described in Section 9 of the Prospectus;
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies, and the adjustments as if those adjustments had occurred as at the date of the forecast; and
 - the Forecast Financial Information itself is unreasonable.

Forecast Financial Information

The Forecast Financial Information has been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the years ending 30 June 2019 and 30 June 2020. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 10 of the Prospectus. The sensitivity analysis described in Section 9 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

The Forecast Financial Information has been prepared by the directors for the purpose of presenting them in the Prospectus prepared in relation to the Offer. We disclaim any assumption of responsibility for any reliance on this report, or on the Forecast Financial Information to which

it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of the Company and from time to time, BDO also provides the Company with certain other professional services for which normal professional fees are received.

7. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

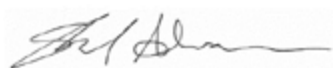
BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

8. Financial Services Guide

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Sherif Andrawes

Director

APPENDIX 1 – FINANCIAL SERVICES GUIDE

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Mader Group Limited ('the Company') to provide an Investigating Accountant's Report for inclusion in the Prospectus.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$145,000 (exclusive of GST). Additional fees received by BDO Corporate Finance (WA) Pty Ltd related to other work carried out as part of this engagement is approximately \$46,000 (exclusive of GST).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Proteomics for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 931 678
Website: www.afca.org.au

Contact details

You may contact us using the details set out on page 1 of our Report.

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14.0 *Additional Information*

14.1 Rights Attaching to Shares

The Shares offered under this Prospectus are fully paid ordinary shares in the capital of the Company and rank equally with the existing Shares.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the more significant rights, privileges and restrictions attaching to all shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(a) General Meetings and Notices

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

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each eligible Shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands every person present who is an eligible Shareholder or a proxy, attorney or representative of an eligible Shareholder has one vote; and
- (iii) on a poll, every person present who is an eligible Shareholder or a proxy, attorney or representative of an eligible Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote per Share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Issues of Further Shares

The Directors may, on behalf of the Company, issue shares and grant options over or unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights and restrictions attached to a class of shares.

(d) Variation of Rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

The Directors may decline to register a transfer of shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal.

(f) **Partly Paid Shares**

The Directors may, subject to compliance with the Constitution, the Corporations Act and Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) **Dividend Rights**

Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference shares and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare dividend to be paid to the shareholders entitled to the dividend. Subject to the rights of any preference shares and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares.

(h) **Winding-up**

Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, any surplus must be divided among the Shareholders in the proportions which the amount paid (including amounts credited) on the shares of a Shareholders is of the total amounts paid and payable (including amounts credited) on the shares of all Shareholders.

(i) **Dividend Reinvestment and Share Plans**

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans on any terms (under which participants may elect that dividends payable by the Company be reinvested by way of subscription for securities in the Company).

(j) **Directors**

The Constitution states that the minimum number of Directors is three and the maximum number is 10.

(k) **Powers of the Board**

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have the power to manage the business of the Company and may exercise every right, power or capacity of the Company.

(l) **Share Buy Backs**

Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on the terms and at times determined by the Directors.

(m) **Unmarketable Parcels**

The Company's constitution permits the Board to sell the shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of ASX Business Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the shareholder notice of the intended sale. If a Shareholder does not want his shares sold, he may notify the Company accordingly.

(n) **Capitalisation of Profits**

The Directors may capitalise any profits of the Company and distribute that capital to the Shareholders, in the same proportions as the Shareholders are entitled to a distribution by dividend.

(o) **Capital Reduction**

Subject to the Corporations Act and Listing Rules, the Company may reduce its share capital.

(p) **Preference shares**

The Company may issue preference shares, including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's Shareholders.

14.2 **Substantial Shareholders**

The Existing Shareholders are the only current Shareholders of the Company. Each Existing Shareholder is currently substantial Shareholder in the Company (each holding a relevant interest in 5% or more of the Shares on issue).

On completion of the Offer the Company anticipates that the substantial Shareholders of the Company will be the parties outlined in the table below.

SHAREHOLDER	NUMBER OF SHARES HELD	% TOTAL SHARES HELD
Luke Mader, Amy Mader and controlled entities ¹	112,000,000	56%
Skye Alba ²	38,000,000	19%
Total	150,000,000	75%

Notes:

- 1 Shares held by these parties have been aggregated as Executive Director, Luke Mader, has a relevant interest in all holdings. Immediately prior to completion of the Offer, these Shareholders will hold 150,000,000 Shares (representing 75% of Shares on issue at that time). These Shareholders are offering 38,000,000 Shares for sale under the Offer.
- 2 Skye Alba is an entity controlled by Non-Executive Director Craig Burton. Refer to Section 8.4 for further details. Immediately prior to completion of the Offer, Skye Alba will hold 50,000,000 Shares (representing 25% of Shares on issue at that time). Skye Alba is offering 12,000,000 Shares for sale under the Offer.

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on the ASX.

14.3 Mader Group Restructure

Historically the business which comprises that of the Mader Group was operated in Australia through the Company and its wholly owned subsidiaries of the Company and internationally through Mader International and its wholly owned subsidiaries. Mader International has been commonly owned with the Company but has not operated as a subsidiary of the Company. The Mader Group undertook a restructure involving Mader International becoming part of the Mader Group in consideration for the issue of Shares to certain Existing Shareholders, which was completed on 30 June 2019.

The Mader Group is currently undertaking additional restructure activities involving the restructure of existing preference shares that will be completed immediately prior to completion of the Offer such that the Company will have 200,000,000 Shares on issue at that time.

14.4 Corporate Structure

The corporate structure of the Mader Group is set out below.

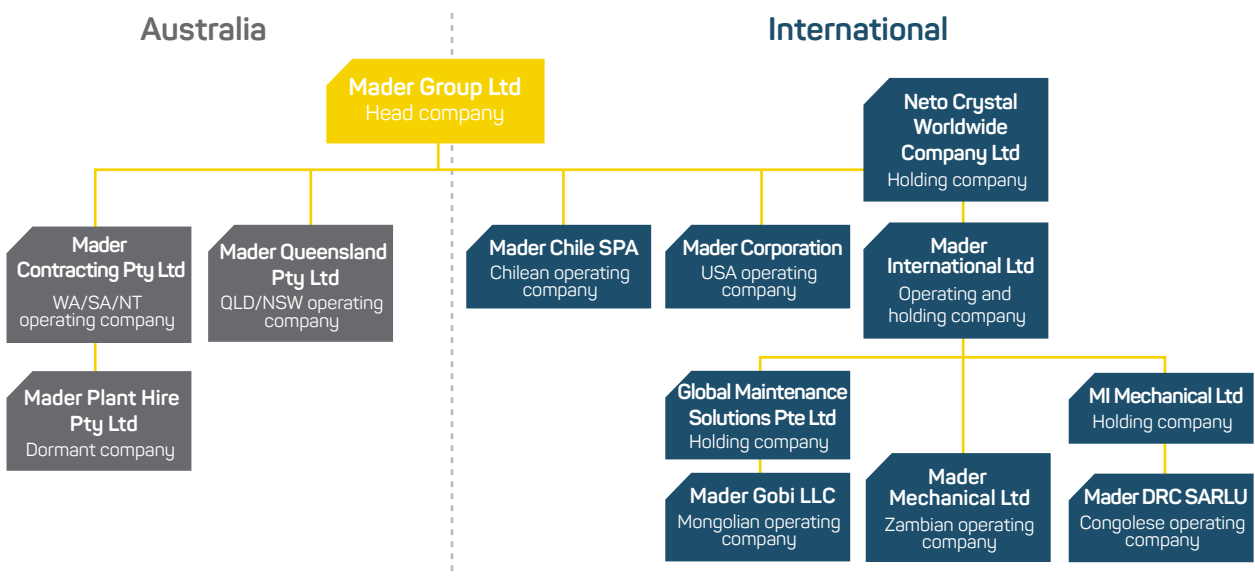


Figure 15 – Corporate structure of the Mader Group.

14.5 Role of SaleCo

SaleCo was incorporated in Western Australia, Australia on 1 November 2018 as an Australian public company limited by shares. The shareholders and directors of SaleCo are Existing Shareholders Luke Mader and Craig Burton, who are both Directors of the Company.

SaleCo is a special purpose vehicle which is owned and controlled by Executive Director Luke Mader and Non-Executive Director Craig Burton. SaleCo was established to enable Existing Shareholders to sell part of their investment in the Company on completion of the Offer. SaleCo has no material assets, liabilities or operations other than its interest in the Share Sale Deeds and the other documents referred to in Section 11.1.

14.6 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no promoter or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with

the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer under this Prospectus; or
- (c) the Offer under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the Offer of Shares under this Prospectus.

Bell Potter Securities Limited has acted as lead manager and underwriter of the Offer. In respect of these roles, it will be paid such amounts as detailed in Section 12.24 by SaleCo. Further details regarding the Underwriting Agreement are contained in Section 11.2. During the 24 months preceding lodgement of this Prospectus at the ASIC, the Company has not paid Bell Potter Securities Limited any fees.

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which has been included in Section 13. The Company has paid or agreed to pay an amount of approximately \$145,000 (exclusive of GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Corporate Finance (WA) Pty Ltd has not been paid any other fees from the Company. Further amounts may be paid to BDO Corporate Finance (WA) Pty Ltd in accordance with its normal charge out rates.

BDO Audit (WA) Pty Ltd is the current auditor of the Company and has audited or reviewed the accounts detailed in Section 9.2(a). The Company has paid or agreed to pay an amount of approximately \$142,000 (exclusive of GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Audit (WA) Pty Ltd has not been paid any other fees from the Company. Further amounts may be paid to BDO Audit (WA) Pty Ltd in accordance with its normal charge out rates.

AMD Chartered Accountants was a previous auditor of the Company and audited or reviewed the accounts detailed in Section 9.2(a). The Company has paid or agreed to pay an amount of approximately \$22,000 (exclusive of GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, AMD Chartered Accountants has been paid or is entitled to be paid \$17,000 (exclusive of GST) in fees from the Company for other services provided. Further amounts may be paid to AMD Chartered Accountants in accordance with its normal charge out rates.

East Asia Sentinel Limited was a previous auditor of Mader International and audited or reviewed the accounts detailed in Section 9.2(a). The Company has paid or agreed to pay an amount of approximately \$67,000 (exclusive of GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, East Asia Sentinel Limited has been paid or is entitled to be paid \$62,000 (exclusive of GST) in fees from the Company. Further amounts may be paid to East Asia Sentinel Limited in accordance with its normal charge out rates.

Computershare Investor Services Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms

and conditions. During the 24 months preceding lodgement of this Prospectus with the ASIC, the Company has not paid Computershare Investor Services Pty Ltd any fees.

GTP Legal has acted as the solicitors to the Company in relation to the Offer and has been involved in due diligence enquiries on legal matters. The Company has paid or agreed to pay an amount of approximately \$490,000 (exclusive of GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, GTP Legal has been paid or is entitled to be paid \$370,883 (exclusive of GST) in fees from the Company. Further amounts may be paid to GTP Legal in accordance with its normal charge out rates.

14.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, persons named in this Prospectus with their consent having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading and deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, the other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this Section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any statements in, or omissions from any part of this Prospectus other than a reference to its name and a statement and/or a report (if any) included in this Prospectus with the consent of that party as specified in this Section.

Bell Potter Securities Limited has given its written consent to being named as the lead manager and underwriter of the Offer in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as the Investigating Accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report in Section 13 in the form and context in which the report is included. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

BDO Audit (WA) Pty Ltd has given its written consent to being named as the current auditor to the Company in this Prospectus and to the inclusion of the audited and reviewed historical financial information of the Company in this Prospectus as set out as being audited or reviewed by BDO Audit (WA) Pty Ltd in Section 9.2(a) in the form and in the context in which they appear. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

AMD Chartered Accountants has given its written consent to being named as a previous auditor to the Company in this Prospectus and to the inclusion of the audited and reviewed historical financial information of the Company in this Prospectus as set out as being audited or reviewed by AMD Chartered Accountants in Section 9.2(a) in the form and in the context in which they appear. AMD Chartered Accountants has not withdrawn its consent prior to the lodgement of this Prospectus

East Asia Sentinel Limited has given its written consent to being named as a previous auditor to Mader International and to the inclusion of the audited and reviewed historical financial information of Mader International in this Prospectus as set out as being audited or reviewed by East Asia Sentinel Limited in Section 9.2(a) in the form and in the context in which they appear. East Asia Sentinel Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Computershare Investor Services Pty Ltd has given its written consent to being named as the Share Registry of the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

GTP Legal has given its written consent to being named as the Australian solicitors to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

14.8 Litigation

To the knowledge of the Directors, as at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

14.9 ASIC and ASX Waivers

(a) ASX

The Company expects that no Shares will be classified as restricted securities by ASX accordingly they will not be subject to mandatory ASX escrow. However, all Shares held by the Existing Shareholders on completion of the Offer are subject to voluntary escrow restrictions. Refer to Section 11.3 for further details.

(b) ASIC

The Company has applied to ASIC for relief so the takeovers provisions of the Corporations Act will not apply to certain relevant interests that the Company would otherwise acquire in the Shares that are subject to the Voluntary Escrow Deeds with the Existing Shareholders, as set out in Section 11.3.

14.10 Taxation

The following comments provide a general summary of the Australian income tax, capital gains tax (CGT), goods and services tax (GST) and stamp duty issues for Shareholders who acquire Shares under this Prospectus.

The categories of Shareholders considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their Shares on capital account.

This summary does not consider the consequences for Shareholders who are insurance companies, banks, Shareholders that hold their Shares on revenue account for or carry on a business of trading in Shares or Shareholders who are exempt from Australian tax. This summary does not cover the consequences for Shareholders who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or TOFA regime).

This summary is based on the tax laws in Australia in force as at the date of this Prospectus (together with established interpretations of those laws), which may change. This summary does not

take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each Shareholders' specific circumstances, Shareholders should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are an Australian tax resident).

(a) **Dividends Paid on Shares**

The treatment of the dividends which are paid to investors will vary depending on whether or not the investor is an Australian resident or foreign resident. The taxation treatment will also vary depending on the extent to which any dividends carry a franking credit.

Dividends Received by Australian Resident Shareholders

For Australian resident individuals, dividends on the Shares will be taxable income of the shareholder in the tax year in which they are paid (or deemed to be paid) to the shareholder.

If the dividend carries a franking credit (for imputed Australian corporate tax paid by the Company) then the dividend paid (or deemed to be paid) plus the franking credit will be included in the shareholder's taxable income and subject to tax at the shareholder's marginal tax rate. The shareholder will be entitled to offset the franking credit against tax payable by the shareholder if the shareholder is a qualifying person. A qualifying person is a shareholder who satisfies the holding period rule (by holding shares on which the dividend is 'at risk' for at least 45 days) and the related payments rule.

Under the current income tax provisions, Individuals and complying superannuation funds are entitled to a refund of any part of the franking credits that exceed their tax payable.

Australian resident companies can convert excess franking credits to tax losses that can potentially be deductible against income in future years.

Unfranked dividends received by Australian resident shareholders will be taxable at the shareholder's marginal tax rate. For individuals, this tax rate may be up to 47% (including 2% Medicare levy) for the 2018/19 income year.

For companies and complying superannuation funds, rates of tax are currently 30% (or 27.5% if the small business concession rules are satisfied) and 15% respectively.

Dividends Received by Non-Australian Resident Shareholders

Dividend withholding tax is not imposed on fully franked dividends paid to foreign shareholders.

It may be necessary for the Company to withhold tax from unfranked dividends paid to foreign shareholders and remit the tax to the Australian Taxation Office ('ATO').

Where unfranked dividends are paid to non-resident shareholders, and the unfranked dividend is not 'conduit foreign income', dividend withholding tax must be deducted from the gross dividends paid. If the shareholder is a resident of a country that does not have a Double Tax Agreement ('DTA') with Australia then a 30% withholding tax rate will be applied to dividends paid to the non-resident shareholder. If the shareholder is a resident of a country that does have a DTA with Australia then the DTA will determine the maximum amount of dividend withholding tax that can be imposed. DTA dividend withholding tax rates generally range from 0% to 15%.

To the extent that dividends paid by the Company to non-Australian resident investors, who do not hold their Shares through a fixed place of business in Australia, are declared to be conduit foreign income, those dividends will not be subject to Australian dividend withholding tax. The Company would be able to declare the unfranked portion of its dividends to be conduit foreign income to the extent to which those dividends are paid from certain foreign income derived by the Company which is not subject to Australian income tax.

(b) **Disposal of Shares**

The treatment of a disposal of Shares by shareholder will vary depending on whether or not the shareholder is an Australian resident or foreign resident.

Australian Tax Residents

The disposal of a Share by a Shareholder should constitute a CGT event. A capital gain should arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus certain non-deductible transaction costs). In the case of an arm's length on-market sale, the capital proceeds should generally equal the cash proceeds from the sale. Where the Shareholder is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising any capital gain arising from the disposal (in their proportionate Shares).

A CGT discount may be applied against any capital gain (after reduction of the capital gain by applicable capital losses) where the entity which realises the capital gain is an individual, complying superannuation entity or trustee. The CGT discount may be applied in these circumstances, provided that the Shares have been held for at least 12 months (not including the date of acquisition or disposal for CGT purposes) and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than trustees of a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

If the Shareholder who realises the capital gain and is entitled to the CGT discount is the trustee of a trust (other than the trustee of a complying superannuation entity), the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not companies.

Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised to the extent that the reduced cost base of a Share (which should generally be calculated in a similar manner to the cost base) exceeds the capital proceeds from its disposal. Capital losses may only be offset against capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income. As with capital gains, where the Shareholder realising the capital loss is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising the capital loss (in their proportionate Shares).

Non-Australian Tax Residents

The disposal of a Share by a Shareholder who is not tax resident in Australia should constitute a CGT event. A capital gain may initially arise to the extent that the capital proceeds on disposal exceed the cost base of the Share.

However, any capital gain initially arising as a result of the CGT event should be disregarded unless the Share constitutes "taxable Australian property". Broadly, a Share should constitute taxable Australian property if both of the following requirements are satisfied:

- the Shareholder (together with any associates of the Shareholder) holds an interest of at least 10% in the Company at the time of the disposal, or has held such an interest throughout a 12 month period in the 24 months preceding the disposal; and
- the Company is land rich for Australian income tax purposes (broadly, because more than 50% of the value of the Company's assets, including those of certain downstream subsidiaries, is comprised by Australian real property interests and/or certain interests in respect of Australian minerals).

A Share should also constitute taxable Australian property if it is used by a Shareholder in carrying on a business in Australia through a permanent establishment (for example, a fixed place of business, such as an office, which is located in Australia).

In the event that a Shareholder who is not tax resident in Australia realises a capital gain in connection with the disposal of a Share that constitutes taxable Australian property, the Shareholder should ordinarily be required to lodge an Australian income tax return including the capital gain. In such circumstances, the Shareholder should generally not be entitled to claim the benefit of the CGT discount to reduce the amount of the capital gain included, but may be able to offset the capital gain with any available capital losses, subject to certain loss recoupment tests being satisfied. The amount of the capital gain, after application of any available capital losses, should be subject to Australian income tax at the Shareholder's marginal tax rate.

A capital loss should initially be realised by a Shareholder who is not tax resident in Australia to the extent that the reduced cost base of a Share exceeds the capital proceeds from its disposal. However, as with capital gains, a capital loss should be disregarded by the Shareholder unless the Share being disposed of constitutes taxable Australian property. Capital losses which are not disregarded may only be offset against capital gains from the disposal of taxable Australian property in the same income year or future income years, subject to certain loss recoupment tests being satisfied.

Non-resident CGT Withholding

New rules have recently been introduced which can apply to the purchaser of certain taxable Australian property, indirect real property interests or options or rights to acquire such property or interest where such property or interest is acquired from a non-Australian resident vendor under contracts entered into on or after 1 July 2017. Pursuant to the new rules, a non-final withholding tax of 12.5% of the purchase price may be applied to such transactions at settlement.

However, the new rules should not apply to the disposal of a Share on ASX (in accordance with a specific exemption).

(c) GST

Shareholders should not be liable for GST from acquiring or disposing of any Shares. Shareholders may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition or disposal of Shares. Separate GST advice should be sought by Shareholders in this respect.

(d) **Stamp Duty**

No stamp duty should be payable by Shareholders on the acquisition of Shares. Under current stamp duty legislation, no stamp duty should ordinarily be payable by Shareholders on any subsequent transfer of Shares whilst the Company remains listed.

Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

(e) **Tax File Number (TFN)**

Australian tax resident Shareholders may, if they choose, notify the Company of their tax file number (TFN), Australian Business Number (ABN) or a relevant exemption from withholding tax with respect to dividends. In the event that the Company is not so notified, pursuant to the TFN withholding rules, tax should be automatically deducted at the highest marginal rate, including where relevant, the Medicare levy, from unfranked dividends and/or other applicable distributions. However, Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of the tax deducted in their income tax returns.

Shareholders who are not tax resident in Australia should generally be entitled to an exemption from the TFN withholding rules. This means that mandatory withholding may not be required by the Company with respect to unfranked dividends or other relevant distributions paid to such Shareholders, irrespective of whether those Shareholders have notified the Company of their TFN or ABN.

14.11 Costs of the Offer

The estimated costs of the Offer is as follows (exclusive of GST):

ITEM OF EXPENDITURE	\$
<i>Company Offer Costs</i>	
ASIC and ASX fees	210,000
Independent Limited Assurance Report	145,000
Legal fees	520,000
Audit fees	65,000
Restructure costs	125,000
Design, printing, Share registry and other Offer expenses	515,000
Total Company costs of the Offer	1,580,000
<i>SaleCo Offer Costs</i>	
Lead Manager and Underwriting fees ¹	2,000,000
Total SaleCo costs of the Offer	2,000,000

Notes:

1. Refer to Section 12.24 for further details in respect to fees payable to the Lead Manager and Underwriter of the Offer. Assumes the maximum underwriting fee is payable to the Lead Manager and Underwriter pursuant to the Underwriting Agreement (see Section 11.2 for further details).

SaleCo will pay the underwriting fees of the Lead Manager and Underwriter. The Company will pay all other costs of the Lead Manager and Underwriter. All other costs in relation to the Offer will be paid by the Company. Refer to Section 12.24 for further details.

14.12 Consent and Authorisation of SaleCo

SaleCo and the directors of SaleCo have authorised the issue of this Prospectus and each director of SaleCo has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

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15.0 *Directors' Authorisation*

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This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.



Jim Walker
Chairman
for and on behalf of Mader Group Limited

16 August 2019

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16.0 *Glossary*



Where the following terms are used in this Prospectus they have the following meanings:

A\$ or **\$** means an Australian dollar.

AAS means Australian Accounting Standards.

AASB means Australian Accounting Standards Board.

AEST means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

Applicant means a person who submits an Application.

Application means a valid application for Shares offered under this Prospectus.

Application Form means the application form for Shares accompanying or attached to this Prospectus (including the electronic form provided by an online application facility) relating to the Offer.

Application Monies means application monies for Shares accompanying an Application Form submitted by an Applicant.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange operated by ASX Limited (as the context requires).

ASX Settlement Operating Rules means the settlement operating rules of the ASX.

ATO means the Australian Tax Office.

Australian Accounting Standards means the Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.

BPAY® means the payment mechanism used to pay Application Monies online.

Board means the board of Directors as constituted from time to time.

Broker means an ASX participating organisation selected by the Lead Manager and the Company to act as a broker to the Offer.

Broker Firm Offer Applicant means an Australian resident retail customer of a Broker who is offered a firm allocation of Shares under the Broker Firm Offer.

Broker Firm Offer means the offer of Shares under this Prospectus to the Broker Firm Offer Applicants, as described in Section 12.15.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Capex has the meaning given in Section 6.2(b).

CGT means Capital Gains Tax.

Change of Control means:

- (a) the offeror under a Takeover Bid in respect of all Shares has achieved acceptances in respect of more than 50.01% of Shares and that Takeover Bid has become unconditional;
- (b) the announcement by the Company that Shareholders have, at a Court convened meeting of shareholders, voted in favour, by the necessary majority, of a proposed scheme of

arrangement (other than to effect a restructure or redomicile) under which all securities of the Company are to be either:

- (i) cancelled; or
- (ii) transferred to a third party,

and the Court, by order, approves the proposed scheme of arrangement; or

- (c) any person, individually or together with their Associates, acquires a Relevant Interest in 50.01% or more of the total number of Shares on issue by any other means (other than as a result of the transactions contemplated pursuant to the agreement to which these terms and conditions are attached).

CHESS means ASX's Clearing House Electronic Sub-register System.

Closing Date means the date on which the Offer closes as set out in the indicative timetable in Section 3.

Conditions of the Offer mean the conditions of the Offer outlined in Section 12.3.

Company means Mader Group Limited ACN 159 340 397.

Company Offer means the offer by the Company for the issue of 1,000 Shares for the purposes of enabling the Company to issue this Prospectus (as further detailed in Section 12.25).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company specified in Section 8.1.

DTA means Double Tax Agreement

EBIT means earnings before interest and taxation.

EBITDA mean earnings before interest, taxation, depreciation and amortisation.

Employee Offer means the offer of Shares under this Prospectus to eligible employees (as determined by the Board), as described in Section 12.16.

Employee Offer Price means the price of a Share offered under the Employee Offer, being \$0.90.

Existing Shareholders has the meaning given in Section 7.1.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Financial Information has the meaning given in Section 9.1.

Forecast Financial Information has the meaning given in Section 9.1.

FY means the abbreviation for the Financial Year ending 30 June.

GST has the same meaning as in A New Tax System (Goods and Services Tax) Act 1999 (Cth).

HIN means a Shareholder's Holder Identification Number.

Historical Financial Information has the meaning given in Section 9.1.

Independent Limited Assurance Report means the independent limited assurance report in Section 13.

Institutional Investor means investors who are:

- person who are wholesale clients under Section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act; or
- institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approved by, any government agency (except one with which the Company is willing in its discretion to comply,

provided that in each case such investors are not in the United States.

Institutional Offer means the offer of Shares under this Prospectus to Institutional Investors, as described in Section 12.17.

Lead Manager, Lead Manager and Underwriter or Underwriter means Bell Potter Securities Limited (ACN 006 390 772).

Listing Rules means the official listing rules of ASX.

Mader Contracting means Mader Contracting Pty Ltd (ACN 114 021 537).

Mader Group means the Company and its subsidiaries.

Mader International means Mader International Limited.

Mader Queensland means Mader Queensland Pty Ltd (ACN 611 004 552).

NPAT means net profit after tax.

NPBT means net profit before tax.

OEMs means original equipment manufacturers.

Offer means the Offer of 50,000,000 Shares for sale by the Existing Shareholders through SaleCo (further detailed in Section 12).

Offer Price means the price of Share offered under the Retail Offer and the Institutional Offer, being \$1.00.

Official List means the official list of ASX.

Official Quotation means official quotation of the Shares by ASX in accordance with the Listing Rules.

Opex has the meaning given in Section 6.2(b).

Priority Offer means an offer which is open to selected investors nominated by the Company in eligible jurisdictions, who have received a Priority Offer invitation to acquire Shares under this Prospectus.

Prospectus means this prospectus (including the electronic form prospectus) and any supplementary or replacement prospectus in relation to this document.

Retail Offer comprises the Broker Firm Offer and the Priority Offer.

SaleCo means Mader SaleCo Pty Ltd ACN 629 771 982.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Share Sale Deeds has the meaning given in Section 11.1.

Share Registry means the share registry of the Company specified in the Corporate Directory.

Skye Alba means Skye Alba Pty Ltd.

SRN means the securityholder reference number issued by the Share Registry.

TFN means tax file number.

TRIFR means total recordable injury frequency rate.

Voluntary Escrow Deeds has the meaning given in Section 11.3.

WST means Australian Western Standard Time, being the time in Perth, Western Australia.

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*When things get heavy,
Mader are just a phone call away.*

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