

Prospectus – Initial Public Offering

Qpro Holdings Limited

(to be renamed PKS Holdings Limited)

ACN 627 071 121



THIS PROSPECTUS CONTAINS THE FOLLOWING OFFERS:

the offer of:

- + 80,650,000 New Shares at an issue price of \$0.20 each to raise \$16,130,000 (**Public Offer**);
- + 16,850,000 New Shares at an issue price of \$0.20 each to raise \$3,370,000 (**Invitation Offer**), (with the ability to accept up to \$2,000,000 in Oversubscriptions) to fund cash payments to the DPP Vendors, pay the costs and expenses associated with the Offer and for working capital; and
- + 4,450,000 New Options and 6,000,000 Performance Rights to directors, management and employees (**Advisor Offer**),

collectively, referred to as the Offers.

Completion of all the Offers under this Prospectus is conditional upon satisfaction of certain conditions (which are set out in Section 7.1 of this Prospectus) including Shareholders of the Company passing all the Resolutions at the Extraordinary General Meeting currently proposed to be held on 13 May 2019 (**EGM**). The Resolutions include a proposed 10 for 1 consolidation (**Consolidation**). All securities offered under this Prospectus are described and offered on a post-Consolidation basis.

Important information:

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisors without delay.

The Securities offered by this Prospectus should be considered speculative.

Joint Lead Managers to the Public Offer and Invitation Offer

Bell Potter Securities Limited (AFSL 243 480) Shaw and Partners Limited (AFSL 236 048)

BELL POTTER

Shaw and Partners

Legal Advisor

Automatic Legal Pty Ltd

AUTOMIC GROUP

Important Information

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in the Securities of Qpro Holdings Limited (to be renamed to PKS Holdings Limited) ACN 627 071 121 (**Qpro Holdings** or the **Company**). There are risks associated with an investment in the Company's Securities, which may be regarded as a highly speculative investment. Some of the key risks that should be considered are set out in Sections 5.1 and 5.2. You should carefully consider these risks in light of your personal circumstances (including financial and tax matters).

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional advisor before deciding whether to invest in or apply for Securities in the Company.

No person named in this Prospectus warrants or guarantees the Company's performance, the repayment of capital by the Company or any return on investment made pursuant to this Prospectus or otherwise.

Purpose of the Prospectus

This Prospectus is issued by the Company for the purposes of Chapter 6D of the Corporations Act to provide disclosure relating to the Public Offer, the Invitation Offer and the Advisor Offer.

Lodgement and Listing

This Prospectus is dated 16 April 2019 (**Prospectus Date**) and a copy of this Prospectus was lodged with ASIC on that date. The Company will apply to ASX for quotation of its Shares on ASX within seven days after the Prospectus Date. Neither ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry Date

No Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Conditional Offers on a post-Consolidation basis

A Notice of Meeting (**NOM**) will be dispatched to Shareholders of the Company, with respect to an Extraordinary General Meeting currently proposed to be held on 13 May 2019 (**EGM**).

At the EGM, Shareholders will be asked to approve resolutions (**Resolutions**) that will allow the Company to consolidate its issued capital on a 10 for 1 basis, and to appoint the directors whom will constitute the new Board on listing.

Note to Applicants

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

No person or entity is authorised to give any information or to make any representation in connection with the Public Offer, the Invitation Offer or the Securities described in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Public Offer or the Invitation Offer.

Foreign offer restrictions

This Prospectus does not constitute an offer or invitation to apply for Securities in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Securities, the Public Offer or the Invitation Offer, or to otherwise permit a public offering of the Securities, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Securities in certain jurisdictions outside of Australia please refer to Section 7.15.

Notice to United States residents

The Securities being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act.

Notice to Hong Kong investors

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 New 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 New 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 New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New 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.

Notice to New Zealand residents

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 CDIs 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.

If you (or any person for whom you are acquiring or procuring the CDIs) 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 CDIs to you, (ii) no product disclosure statement under the FMC Act may be prepared in respect of the offer of CDIs 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 CDIs 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 CDIs 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.

Financial information and amounts

Section 4 of this Prospectus sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

The financial information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, except where otherwise stated.

The Pro Forma Historical Information is presented in abbreviated form. It does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The financial information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 4.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$'000 (thousand) unless otherwise stated. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Important Information continued

Disclaimer

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

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

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company proposes to operate in and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Sections 5.1 and 5.2. Potential Applicants and other readers are urged to consider these factors carefully in evaluating the forward-looking statements set out in this Prospectus and are cautioned not to place undue reliance on such forward-looking statements.

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

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

Past performance

This Prospectus includes information regarding the past performance of the Company. Applicants should be aware that past performance should not be relied upon as being indicative of future performance.

Exposure period

The Corporations Act prohibits the Company from processing Applications for New Shares under the Offers in the seven-day period after the Prospectus Date (being the date of lodgement with ASIC) (**Exposure Period**). This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Public Offer and the Invitation Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period without the Application Form on the following website:

www.pks.com.au

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

Electronic prospectus

This Prospectus will be available in electronic form on the following website:

www.pks.com.au

Obtaining a copy of the Prospectus

A hard copy of this Prospectus will be available for Australian residents free of charge during the Offer Period by contacting the Share Registry on 1300 288 664 between 8.30am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays). If you are eligible to participate in the Public Offer and are calling from outside Australia, please call +61 2 9698 5414.

The Offers constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia.

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company on +61 2 8072 1400.

Applications for New Shares under the Offers in this Prospectus may only be made on either a printed copy of the Application Form attached to or accompanying this Prospectus or via the electronic Application Form attached to the electronic version of this Prospectus, available at:

www.pks.com.au

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with Section 724 of the Corporations Act.

Cooling off rights

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

Privacy

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

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

The Company and the Share Registry may also share your personal information with agents and service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside Australia where personal information may not receive the same level of protection as that afforded under Australian law.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's Privacy Policy located at www.pks.com.au. Alternatively, you can contact the Company's registered office by telephone on +61 2 8072 1400 from 8:30am to 5:30pm (Sydney time), Monday to Friday (excluding public holidays) and the Company will send you a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

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

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

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

Definitions, abbreviations and time

Defined terms and abbreviations used in this Prospectus (unless specified otherwise) are explained in Section 11.

All references to time in this Prospectus refer to time in Sydney, New South Wales, Australia, unless stated otherwise.

Photographs, data and diagrams

Photographs and diagrams used in this Prospectus which do not have any descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents (or represents the Company) or that the assets shown in them are owned by the Company.

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale and may not accurately reflect the final appearance of the subject matter which it depicts.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Prospectus.

Company/PKS website

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



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Key Offer Information

Indicative timetable*

Prospectus Date	16 April 2019
Lodgement with ASIC	16 April 2019
Invitation Offer opens	3 May 2019
Public Offer opens	3 May 2019
Advisor Offer opens	3 May 2019
Invitation Offer closes	27 May 2019
Public Offer closes	27 May 2019
Advisor Offer closes	27 May 2019
Issue and Allotment of Shares under the Offers	29 May 2019
Expected date for dispatch of holding statements	30 May 2019
Trading of Shares commences on ASX (on a normal settlement basis)	6 June 2019

* The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable laws. In particular, the Company reserves the right to close the Public Offer early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Potential Applicants who wish to submit an Application are encouraged to do so as soon as practicable after the respective Offer opens.

Key Offer Statistics

Company	QPro Holdings Limited ACN 627 071 121 (proposed to be renamed to PKS Holdings Limited)
Proposed ASX Code for the Shares	PKS
Number of Shares on issue at the date of this Prospectus	16,400,000
Number of Options on issue as at the date of this Prospectus	7,000,000
Public Offer	
Number of New Shares offered under the Public Offer	80,650,000
Issue price per Share under the Public Offer	\$0.20
Gross proceeds from the Public Offer	\$16,130,000



Invitation Offer	
Number of New Shares offered under the Invitation Offer	16,850,000
Issue price per Share under the Invitation Offer	\$0.20
Gross proceeds from the Invitation Offer	\$3,370,000
Advisor Offer	
Number of Securities to be offered under the Advisor Offer	4,450,000 New Options 6,000,000 Performance Rights
Issue price per New Option	There is no subscription or grant price for the New Options.
Issue price per Performance Right	There is no subscription or grant price for the Performance Rights.
Total Offer	
Total number of Shares on issue following completion of the Offers	113,900,000
Total number of Options and Performance Rights on issue following completion of the Offers	17,450,000
Indicative undiluted market capitalisation following completion of the Offers	\$22,780,000*
Total Offer based on maximum Oversubscriptions[^]	
Total number of Shares on issue following completion of the Offers	123,900,000
Total number of Options and Performance Rights on issue following completion of the Offers	17,450,000
Indicative undiluted market capitalisation following completion of the Offers	\$24,780,000*

* Excludes Options and Performance Rights. Market capitalisation is usually determined by multiplying the number of Shares on issue by the price that the Shares trade on the ASX from time to time. For indicative purposes only, the market capitalisation shown is based on the Issue Price of the New Shares pursuant to the Public Offer and the Invitation Offer. Shares may not trade at the Issue Price after admission to the ASX. If Shares trade below the Issue Price, the market capitalisation will be lower than the amount shown.

[^] The Company reserves the right to accept Oversubscriptions of up to \$2,000,000.

Unless otherwise stated, all numbers in the above tables and elsewhere in this Prospectus assume that the 10 for 1 Consolidation has taken place (see Section 7.2).

Chairman's Letter

16 April 2019

Dear Investor,

On behalf of the New Board of the Company, it is my pleasure to offer you the opportunity to become a shareholder of PKS Holdings Limited (name proposed to be changed from Qpro Holdings Limited) (**Company**).

This Prospectus forms part of a broader transaction being undertaken by the Company, under which the Company seeks to acquire 100% of the issued capital of DPP Holdings Pty Ltd (**DPP**), which owns Pacific Knowledge Systems Pty Ltd (**PKS**). Further details of the Acquisition are set out in Section 9.4 of this Prospectus.



PKS is an Australian healthcare technology company that provides a proprietary subscription based Clinical Decision Support system (**CDS**) called "RippleDown". RippleDown automates the human decision-making process within healthcare organisations based on rules set within the organisation by domain experts.

PKS was originally established in May 1996 to develop and commercialise knowledge handling systems based upon the concept of 'RippleDown Rules' developed by Professor Paul Compton in the School of Computer Science and Engineering at the University of New South Wales, Sydney.

The Global CDS market in which PKS competes is estimated to be worth US\$1 billion,¹ and is a subset of the Global Healthcare IT Solutions market, estimated to be worth US\$134 billion.²

PKS' customers include laboratories, hospitals and other healthcare organisations and RippleDown was developed to address major issues within these organisations, including:

- + the increased financial pressures that are being faced;
- + a continual rise in patient volumes;
- + rising expectations for patient outcomes; and
- + succession risk from changes in personnel.³

PKS addresses these issues by interpreting critical information in an accurate, consistent and reliable manner, across multiple data sources, reducing errors and increasing efficiency. The solution has a broad range of applications across the healthcare services industry (and beyond).

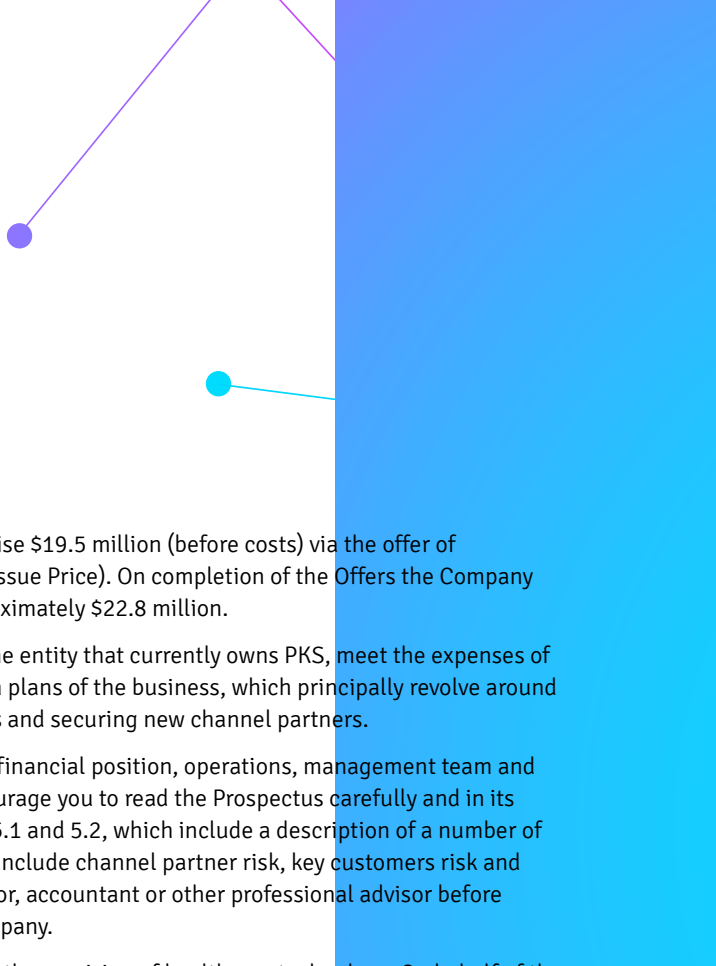
The RippleDown CDS software consists of two separate products:

- + RippleDown Expert that has applications for the clinical side of a healthcare organisation's operations; and
- + RippleDown Auditor that has applications for the financial side of a healthcare organisation's operations.

PKS distributes its products via two key channels, being direct sales using its own sales resources and through three global channel partners, being Abbott, Philips and Thermo Fisher. Sales through channel partners represented approximately 30% of total revenue in FY2018, which has grown from 10% of total revenue in FY2016.

RippleDown is currently installed in over 100 sites globally by 15 direct customers and via its global channel partners. PKS is a global business, with around 60% of its FY2018 customer revenue being derived from offshore customers. It has achieved strong customer retention, maintaining all of its contracted customers since 2011.

PKS is a profitable business, having achieved EBITDA of \$2.1m in FY2018 (which excluded costs of being a listed entity), up from approximately \$0.5 million in FY2016. Operating revenue has grown at a compound annual growth rate (**CAGR**) of approximately 13% over the same period.



The Company will be undertaking the Offers under this Prospectus to raise \$19.5 million (before costs) via the offer of 97,500,000 New Shares to investors at a price of \$0.20 per New Share (Issue Price). On completion of the Offers the Company will have an undiluted market capitalisation (at the Issue Price) of approximately \$22.8 million.

The funds raised by the Company will be used to fund the purchase of the entity that currently owns PKS, meet the expenses of the Offers and to hire additional human resources to execute the growth plans of the business, which principally revolve around growing direct sales, increasing sales through existing channel partners and securing new channel partners.

This Prospectus contains detailed information about the Offers and the financial position, operations, management team and future plans for the Company following completion of the Offers. I encourage you to read the Prospectus carefully and in its entirety before making your investment decision, particularly Sections 5.1 and 5.2, which include a description of a number of the key risks associated with an investment in the Company, and which include channel partner risk, key customers risk and revenue growth risk. If required, please consult your stockbroker, solicitor, accountant or other professional advisor before making an investment decision in relation to this Prospectus or the Company.

PKS is a profitable business operating in a large and growing market for the provision of healthcare technology. On behalf of the Directors, I invite you to consider this opportunity to invest in the Company and look forward to welcoming you as a Shareholder.

Yours faithfully,



Mike Hill
Chairman

- 1 Markets and Markets, 'Clinical Decision Support Systems Market by Component (Services, Software), Delivery Mode, Product, Application, Model (Knowledge-based), Type (Therapeutic, Diagnostic) Interactivity (Active, Passive), Patient Care Setting – Global Forecasts to 2023', viewed 2 November 2018, <<https://www.marketsandmarkets.com/PressReleases/clinical-decision-support-systems.asp>>
- 2 Markets and Markets, 'Healthcare IT Market by Product (EHR, RIS, PACS, VNA, CPOE, HIE, Telehealth, Healthcare Analytics, Population Health Management, Supply Chain Management, CRM, Fraud Management, Claims Management) End User (Provider, Payer) – Global Forecast to 2021', viewed 2 November 2018, <<https://www.marketsandmarkets.com/PressReleases/healthcare-it-market.asp>>
- 3 Deloitte, '2018 Global health care outlook', viewed 2 November 2018, <<https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html>>





Investment Overview

1.1 Important Notice

The information set out in this section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus.

In deciding whether to apply for New Shares under the Offers, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisors.

1.2 About the Company and PKS

Question	Answer	More information
Who is making the Offers?	Qpro Holdings Limited ACN 627 071 121 (to be renamed PKS Holdings Limited) (Company).	Section 9.1
What is the Company's business?	On completion of the Offers, the Company will be a healthcare technology business that provides a proprietary subscription based Clinical Decision Support system (CDS) called "RippleDown" which automates the human decision-making process in healthcare organisations.	Section 3.1
What are the Offers?	<p>The Offers comprise:</p> <ul style="list-style-type: none">+ Public Offer: 80,650,000 New Shares are being offered to raise \$16,130,000 (before costs);+ Invitation Offer: 16,850,000 New Shares are being offered to raise \$3,370,000 (before costs); and+ Advisor Offer: 4,450,000 New Options and 6,000,000 Performance Rights are being offered to members of the New Board, management and employees of the Company. <p>The Company reserves the right to accept Oversubscriptions of up to \$2,000,000.</p>	Section 7.3
What is the history of PKS?	PKS was originally established in May 1996 to develop and commercialise knowledge handling systems based upon the concept of 'RippleDown Rules' developed by Professor Paul Compton in the School of Computer Science and Engineering at the University of New South Wales, Sydney.	Section 3.2
Why are the Offers being conducted?	<p>The Company intends to apply funds raised from the Offers:</p> <ul style="list-style-type: none">+ for purchase consideration of the Acquisition;+ to pay for costs and expenses associated with the Offers; and+ for working capital.	Section 7.6
What is the proposed corporate structure?	The proposed structure will result in DPP, and in turn Pacific Knowledge Systems Pty Ltd, becoming wholly-owned operational subsidiaries of the Company.	Section 9.1

Question	Answer	More information
What are PKS' target markets?	PKS targets market sectors that seek a Clinical Decision Support system (CDS). At present, PKS is targeting the Global Laboratory Services and Global Healthcare IT sectors.	Section 2.2
Who are PKS' main competitors?	PKS' major competitors tend to be large healthcare IT software vendors that attempt to sell a CDS solution as a small component in a larger enterprise-wide information system being supplied to a healthcare organisation. Standalone providers of CDS also exist and these providers tend to be small organisations.	Section 2.4
What is PKS' strategy for growth?	PKS has identified, amongst others, the following strategies to drive growth: + Existing channel partner development; + New channel partner identification and on-boarding; and + New direct customer sales.	Section 3.10

1.3 Key Features of PKS' Business

Question	Answer	More information
How does PKS generate its revenue?	PKS' revenue is derived from direct customers through: + annual licence fees; and + Episode Usage Fees, and for customers sourced via channel partners principally through: + up-front fees on installation; and + fixed ongoing licence fees. In addition, PKS generates revenue from consulting / software development fees and training.	Section 3.7

Question

Answer

More information

What is DPP Group's historical financial performance?

DPP Group's statutory historical and pro forma historical financial information for the financial years ended 30 June 2017 and 2018 and the half years ended 31 December 2017 and 2018 (**Financial Information**) is set out in Section 4. The Investigating Accountant's Report on the Financial Information is contained in Section 8.

A summary of the statutory consolidated historical income statements for the financial years ended 30 June 2017 and 2018 and the half years ended 31 December 2017 and 2018 is set out below.

These financials do not include the additional corporate costs of being listed.

Sections 4 and 8

\$ Millions	FY2017	FY2018	HY2018	HY2019
Annual licence fees	0.6	0.7	0.4	0.4
Episode Usage Fees	2.2	2.4	1.1	1.2
Other revenue	0.7	0.8	0.5	0.4
Total revenue	3.5	3.9	2.0	2.0
Staff Costs	(1.5)	(1.1)	(0.5)	(0.6)
Management fees	0.0	0.0	0.0	(2.0)
Other expenses	(0.7)	(0.7)	(0.4)	(0.2)
Total Expenses	(2.2)	(1.8)	(0.9)	(2.8)
EBITDA	1.3	2.1	1.1	(0.8)
Adjustments for one-off management fee	0.0	0.0	0.0	2.0
Proforma EBITDA	1.3	2.1	1.1	1.2
Operating revenue growth	15.9%	11.1%	16.5%	-0.7%
Recurring revenue % of total operating revenue	80.9%	79.1%	74.9%	81.2%
Proforma EBITDA margin	37.6%	54.1%	55.5%	58.9%

1.4 Key Strengths

Question	Answer	More information
What are the key investment highlights of an investment in the Company?	<p>The key investment highlights of an investment in the Company include the following.</p> <p>World-class proprietary health technology</p> <ul style="list-style-type: none"> + Clinical Decision Support (CDS) software; + Demonstrated cost savings for institutions; + Originated in the UNSW School of Computer Science and Engineering; and + Intuitive, easy to use operational platform. <p>Highly scalable, subscription-based technology offering</p> <ul style="list-style-type: none"> + Minimal sales / support resource required once installed; and + Limited incremental costs required to add new customers. <p>Established global channel partnerships</p> <ul style="list-style-type: none"> + Blue-chip multinational healthcare organisations which have validated the technology and commenced roll-out of the solution globally. <p>Large global market with favourable growth dynamics</p> <ul style="list-style-type: none"> + Opportunity to grow the business in the increasingly sophisticated health informatics market; and + Proven success and application in the laboratory and hospital market. <p>Strong financial profile</p> <ul style="list-style-type: none"> + Annuity style revenue streams with FY2018 EBITDA margin of 54%*; + FY2016 to FY2018 revenue CAGR of approximately 13% with limited sales resources; + Consistent revenues – maintaining all contracted customers since 2011; and + Strong operational leverage delivered in FY2018 and expected in the future. <p>Experienced management team and industry Board with extensive healthcare and technology experience</p> <ul style="list-style-type: none"> + Management has guided significant business growth and positioned PKS for future success; and + New Board consisting of highly experienced healthcare operators and investment professionals. <p>* Excludes impact of costs of being a listed company.</p>	Section 3
Experienced Board of Directors	<p>The proposed Board of the Company on its admission to the Official List will comprise:</p> <ul style="list-style-type: none"> + Mike Hill, Non-Executive Director and Chairman; + Ronald Van der Pluijm, Managing Director; + Andrew Gray, Non-Executive Director; + Neil Broekhuizen, Non-Executive Director; and + Paul Williams, Non-Executive Director. 	Section 6.2

1.5 Summary of Key Risks

The business, assets and operations of the Company are subject to certain risks that can influence operational and financial performance in the future. These risks have the potential to impact on the value of an investment in the Company.

The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. However, it is noted that some risks are unforeseen and beyond the control of the Company and therefore the extent to which these risks can be effectively managed is somewhat limited.

Set out below are specific key risks that the Company is exposed to if the Offers proceed. Further risks associated with an investment in the Company are outlined in Section 5.

Question	Answer	More information
Channel Partner Risk	PKS distributes its products via two key channels, being direct sales using its own sales resources and through three global channel partners. Given the significant portion the channel partner sales represents, if channel partners failed to deliver in the future or if the relationships with channel partners were adversely affected for any reason, this may lead to a decrease in the Company's sales, which would have a materially adverse effect on the Company's overall financial performance.	Section 5.1
Key Customers Risk	If the Company was to lose any of its key customers or channel partners, this would have a significant impact on the Company's revenue and sales, which may be materially adverse to the Company's overall financial performance in future years.	Section 5.1
Revenue Growth Risk	PKS has identified a number of strategies and initiatives to drive growth in revenue and earnings in future years. However, there is no guarantee that any of these strategies or initiatives will be successful in driving growth in the Company's revenue and earnings in the future.	Section 5.1
Reliance on Key and Skilled Personnel	The loss of the services of senior management personnel without suitable replacements or the inability to attract and retain qualified personnel can adversely affect performance.	Section 5.1
Regulatory and Overseas Operations Risk	Government regulations may change in any or all of the existing and target territories, which could make the Company's current business model ineffective or pricing unfeasible in the future.	Section 5.1
New Technology and Competitor Risk	Competition to PKS products could emerge in the form of new and emerging technologies, improvement of existing product offerings and price reductions from existing comparative technologies.	Section 5.1
Data Management and Security Risk	Whilst PKS relies on a variety of security measures implemented by both the business and its customers, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography and other developments may result in the Company's software failing to or being unable to adequately protect its sensitive information.	Section 5.1
Intellectual Property	There is a risk that the Company may be unable to detect the unauthorised use of its intellectual property rights in all instances.	Section 5.1

Question	Answer	More information
Customer Service Risk	The Company's business model is based on recurring revenue arising from the provision of software. Whilst this historically has not been an issue for PKS, poor experiences in the future may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company's products or services.	Section 5.1
Reliability and Operational Risk	Any failure or unscheduled down-time of either the software or the technology that underpins the Company's service could result in the Company being unable to meet contractual and service level obligations, unauthorised system use, data integrity issues or data loss, integration issues with other systems or third parties and increased costs.	Section 5.1
Foreign Exchange Risk	As the Company receives some revenue in foreign currency, currency fluctuations will affect the value of those transactions when converted to Australian dollars, which could adversely impact the Company's financial performance.	Section 5.1
Contractual and Acquisition Risk – Share Purchase Agreement	Pursuant to the SPA, the key terms of which are summarised in Section 9.4, the Company has agreed to acquire 100% of the issued capital of DPP subject to the fulfilment of certain conditions. There is a risk that the SPA conditions cannot be fulfilled and, in turn, the Acquisition is not completed. If the Acquisition is not completed, the Offers and listing of the Company will not proceed, and funds will be returned in accordance with the Corporations Act.	Section 5.1
DPP Vendors Sell-Down Risk	Given the nature and structure of the sell-down, Potential Applicants may view this as a risk of investing in the Company (which will own 100% of DPP at completion of the Acquisition) as the interests of the DPP Vendors (existing shareholders of DPP) will not be aligned with Shareholders of the Company following completion of the Acquisition and admission to ASX.	Section 5.1

1.6 Directors and Key Management Personnel

Question	Answer	More information
Who are the Directors of the Company?	On admission to the Official List, the Board of the Company will comprise: <ul style="list-style-type: none"> + Mike Hill, Non-Executive Director and Chairman; + Ronald Van der Pluijm, Managing Director; + Andrew Gray, Non-Executive Director; + Neil Broekhuizen, Non-Executive Director; and + Paul Williams, Non-Executive Director. 	Section 6.2

Question

Answer

Who are the key management personnel of the Company and what is their expertise?

- + Ronald Van der Pluijm, Chief Executive Officer;
- + Michael Reakes, General Manager;
- + Lindsay Peters, Chief Technical Officer;
- + Andrew Bursill, Chief Financial Officer and Company Secretary;
- + Evan Simmons, Product Manager; and
- + Clare Kelleher, Service Manager.

What are the Directors paid?

Current Directors

Since incorporation of the Company and up to the date of this Prospectus, the current Directors have received the following remuneration:

- + Mike Hill – \$20,000 – \$50,000 per annum;
- + Joshua May – \$20,000 – \$50,000 per annum;
- + Gregg Taylor – \$20,000 – \$50,000 per annum; and
- + David Willington – \$20,000 – \$50,000 per annum.

* Fees increased from \$20,000 p.a. to \$50,000 p.a. on 5 October 2018.

New Directors

From the date of the Company's admission to the Official List, the proposed Directors will receive the following remuneration:

- + Mike Hill – \$80,000 per annum;
- + Ronald Van der Pluijm – \$320,000 per annum#;
- + Andrew Gray – \$60,000 per annum;
- + Neil Broekhuizen – \$60,000 per annum; and
- + Paul Williams – \$60,000 per annum.

Including his executive remuneration package described in Section 6.6.

Question	Answer	More information																												
What will the interests of the Board be following Listing?	<table><thead><tr><th>Proposed Directors (and their controlled entities)</th><th>Securities*</th><th>% (undiluted)</th><th>% (fully diluted)</th></tr></thead><tbody><tr><td>Mike Hill</td><td>1,250,000 Shares</td><td>1.10%</td><td>0.95%</td></tr><tr><td>Ronald Van der Pluijm</td><td>250,000 Shares 800,000 New Options 800,000 Performance Rights</td><td>0.22%</td><td>1.41%</td></tr><tr><td>Andrew Gray</td><td>1,350,000 Shares 750,000 New Options 2,000,000 Performance Rights</td><td>1.19%</td><td>3.12%</td></tr><tr><td>Neil Broekhuizen</td><td>1,300,000 Shares 750,000 New Options 2,000,000 Performance Rights</td><td>1.14%</td><td>3.08%</td></tr><tr><td>Paul Williams</td><td>250,000 Shares 150,000 New Options 400,000 Performance Rights</td><td>0.22%</td><td>0.61%</td></tr><tr><td>Sub-total</td><td>4,400,000 Shares 2,450,000 New Options 5,200,000 Performance Rights</td><td>3.87%</td><td>9.17%</td></tr></tbody></table> <p>* includes Shares held prior to admission on the Official List.</p> <p>All numbers in the above tables assume that the 10 for 1 Consolidation has taken place (see Section 7.2).</p>	Proposed Directors (and their controlled entities)	Securities*	% (undiluted)	% (fully diluted)	Mike Hill	1,250,000 Shares	1.10%	0.95%	Ronald Van der Pluijm	250,000 Shares 800,000 New Options 800,000 Performance Rights	0.22%	1.41%	Andrew Gray	1,350,000 Shares 750,000 New Options 2,000,000 Performance Rights	1.19%	3.12%	Neil Broekhuizen	1,300,000 Shares 750,000 New Options 2,000,000 Performance Rights	1.14%	3.08%	Paul Williams	250,000 Shares 150,000 New Options 400,000 Performance Rights	0.22%	0.61%	Sub-total	4,400,000 Shares 2,450,000 New Options 5,200,000 Performance Rights	3.87%	9.17%	Section 6.5
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Sub-total	4,400,000 Shares 2,450,000 New Options 5,200,000 Performance Rights	3.87%	9.17%																											
What significant benefits are there to Directors and other persons connected with the Company or the Offers?	<p>Other than as set out below or elsewhere in this Prospectus, no current or proposed Director has, or has had within two years preceding lodgement of this Prospectus with ASIC:</p> <ul style="list-style-type: none">+ any interest in the promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers; and+ no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any current or proposed Director, either to induce him or her to become, or to qualify them as a Director, or otherwise, for services rendered by him or her in connection with the formation or promotion of the Company or the Offers.	Section 6.5																												
Does the Company have an employee incentive plan?	Shareholder approval is being sought at the EGM to adopt a Long Term Incentive Plan (LTIP).	Section 7.21																												

Question	Answer	More information
What escrow arrangements will be imposed, if any?	<p>There is no ASX imposed escrow as the combined entities have a track record of profitability when consolidated.</p> <p>Members of the New Board have agreed to voluntarily escrow a minimum of 50% of all Shares held by them upon the Company's admission to the Official List for a period of two years.</p> <p>Bombora Investment Management Pty Ltd has agreed to voluntarily escrow a minimum of 50% of all Shares held by the Bombora Special Investments Growth Fund upon the Company's admission to the Official List for a period of two years.</p>	Section 6.11

1.7 Summary of the Offers

Question	Answer	More information										
What are the Offers?	<p>Under this Prospectus, the Company is seeking to:</p> <ul style="list-style-type: none">+ raise \$16,130,000 (before costs) by the issue of 80,650,000 New Shares under the Public Offer;+ raise \$3,370,000 (before costs) by the issue of 16,850,000 New Shares under the Invitation Offer; and+ offer up to 4,450,000 New Options and 6,000,000 Performance Rights to members of the New Board, management and employees of the Company.	Section 7.3										
What are the main conditions of the Offers?	<p>The Offers are conditional upon:</p> <ul style="list-style-type: none">+ approval from Shareholders of the Company of all Resolutions at the EGM;+ a minimum of \$19,500,000 being raised under the Public Offer and the Invitation Offer; and+ satisfaction of conditions precedent detailed in the SPA.	Section 7.1										
What are the key Offer dates?	<table><tr><td>Offers open</td><td>3 May 2019</td></tr><tr><td>Offers close</td><td>27 May 2019</td></tr><tr><td>Issue and Allotment of Shares under the Offer</td><td>29 May 2019</td></tr><tr><td>Expected date for dispatch of holding statements</td><td>30 May 2019</td></tr><tr><td>Trading of Shares commences on ASX</td><td>6 June 2019</td></tr></table>	Offers open	3 May 2019	Offers close	27 May 2019	Issue and Allotment of Shares under the Offer	29 May 2019	Expected date for dispatch of holding statements	30 May 2019	Trading of Shares commences on ASX	6 June 2019	Key offer information
Offers open	3 May 2019											
Offers close	27 May 2019											
Issue and Allotment of Shares under the Offer	29 May 2019											
Expected date for dispatch of holding statements	30 May 2019											
Trading of Shares commences on ASX	6 June 2019											
How will the Company use the proceeds from the Public Offer and the Invitation Offer?	<p>The Company intends to apply funds raised from the Offers:</p> <ul style="list-style-type: none">+ for purchase consideration for the Acquisition;+ to pay for costs and expenses associated with the Offers; and+ for working capital.	Section 7.6										

Question	Answer	More information
What rights and liabilities attach to the New Shares?	The New Shares being issued under the Public Offer and Invitation Offer will rank equally in all respects with the Shares held by the existing Shareholders. The rights and liabilities attaching to Shares are detailed in the Company's Constitution.	Section 9.2
Are the Offers underwritten?	The Offers are not underwritten. However, firm commitments have been received for the Public Offer and the Invitation Offer.	Section 1.1
What is the minimum amount to be raised under the Offers?	The minimum amount to be raised under the Public Offer and the Invitation Offer is \$19,500,000, comprised of 97,500,000 New Shares to investors at an issue price of \$0.20 per Share.	Section 7.11
Will I receive dividends on my Shares?	The Company's immediate focus will be investing in the business. As such, it is not expected that the Board will declare a dividend in the first 12 months following listing. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.	Section 7.17
What are the taxation implications?	The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.	Section 9.12
How do I participate in the Public Offer?	To participate in the Public Offer, please complete the Application Form attached to this Prospectus and return it with payment of the application money before the Closing Date.	Section 7.8
How do I participate in the Invitation Offer?	Members of the public cannot apply for Securities under the Invitation Offer. Eligible individuals will be notified by the Company and advised on the procedure for applying.	Section 7.10
What is the minimum number of New Shares I can apply for?	Applications under the Public Offer must be for a minimum of 10,000 New Shares at the Share Price of \$0.20 (total cost of \$2,000) and then in multiples of 1,000 New Shares (\$200). Allocations under the Invitation Offer have already been made. If you are a Potential Applicant who wishes to accept the allocation under the Invitation Offer, you must agree to subscribe to all the New Shares that have been allocated to you.	Section 7.8 and 7.10

More
information

Question

Answer

Can the Offers be withdrawn?

The Company reserves the right not to proceed with the Offers at any time before the issue of New Shares to successful Applicants.

If the Offers do not proceed, the Registry or the Company will refund the Application Monies in accordance with the Corporations Act.

No interest will be paid on Application Monies refunded as a result of the withdrawal of the Offers.

Section 7.9

Where can I find more information?

If you have questions in relation to the Offers, please contact the Qpro Holdings Offer Information Line on 1300 288 664 (within Australia) and +61 2 9698 5414 (outside Australia) between 8.30am and 5.30pm (AEDT), Monday to Friday.

Section 7.20



2

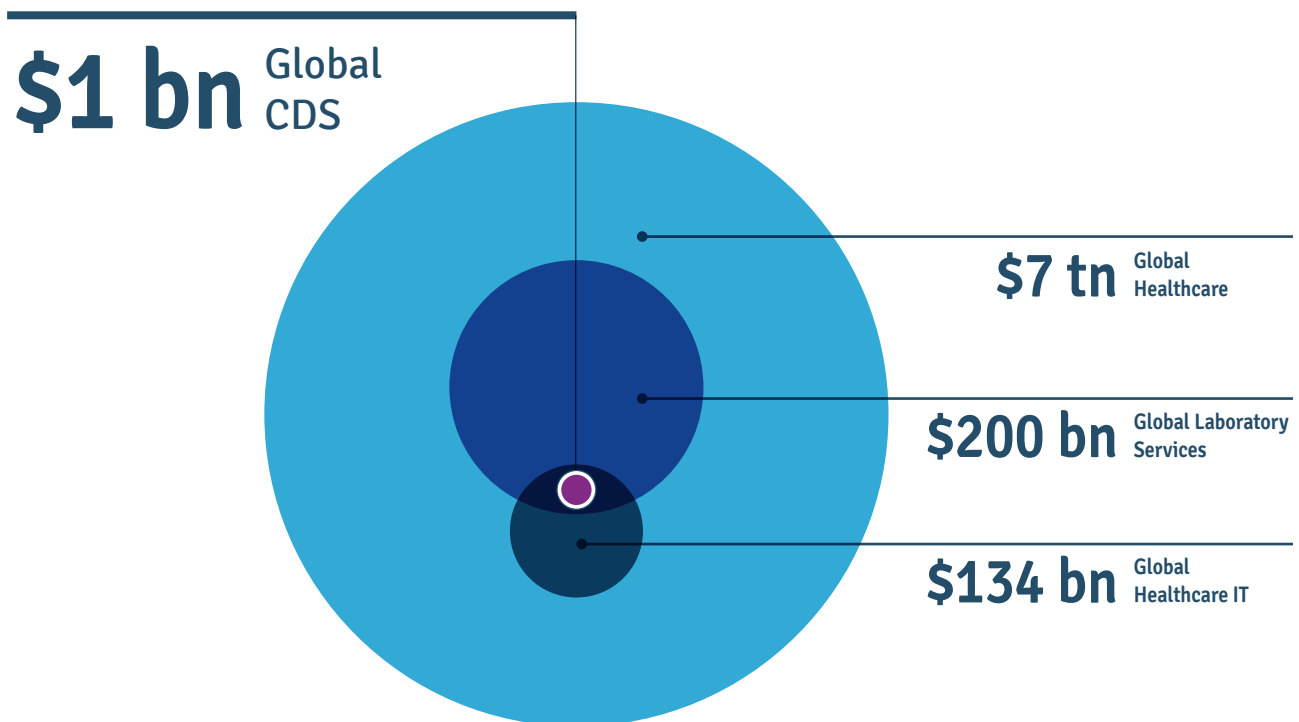
Industry Overview

2.1 Market Overview

PKS is an Australian healthcare technology company. It provides a proprietary subscription based Clinical Decision Support system (CDS) called “RippleDown”. A CDS is a health information technology system that is designed to provide health professionals with assistance in clinical decision making tasks.

The Global CDS market is a subset of the Global Healthcare IT Solutions market and operates within the market to provide services to participants in the Global Healthcare industry including hospitals and other healthcare organisations. Currently, PKS’ largest customer group is within the Global Laboratory Services market. A diagrammatical representation of these markets and their estimated size is set out below.

Figure 1: Global Healthcare industry



Note: The above figures are in US dollars, and representative structure of the various markets, not drawn to scale.⁴

⁴ Sources:

- Markets and Markets, ‘Healthcare IT Market by Product (EHR, RIS, PACS, VNA, CPOE, HIE, Telehealth, Healthcare Analytics, Population Health Management, Supply Chain Management, CRM, Fraud Management, Claims Management) End User (Provider, Payer) – Global Forecast to 2021’, viewed 2 November 2018, <<https://www.marketsandmarkets.com/PressReleases/healthcare-it-market.asp>>
- World Health Organization, ‘New Perspectives on Global Health Spending for Universal Health Coverage’, page 12, viewed 2 November 2018, <http://www.who.int/health_financing/topics/resource-tracking/new-perspectives/en/>
- Markets and Markets, ‘Clinical Decision Support Systems Market by Component (Services, Software), Delivery Mode, Product, Application, Model (Knowledge-based), Type (Therapeutic, Diagnostic) Interactivity (Active, Passive), Patient Care Setting – Global Forecasts to 2023’, viewed 2 November 2018, <<https://www.marketsandmarkets.com/PressReleases/clinical-decision-support-systems.asp>>
- Transparency Market Research, ‘Global Clinical Laboratory Services Market: Snapshot’, viewed 2 November 2018, <<https://www.transparencymarketresearch.com/clinical-laboratory-services-market.html>>

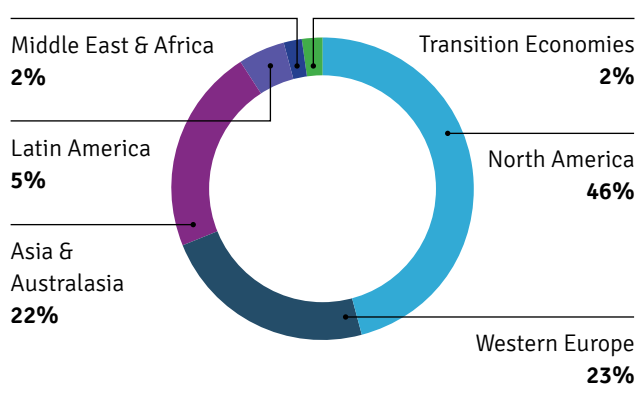
2.2 Target Markets

Global Healthcare Market

The Global Healthcare industry was estimated to be worth over US\$7 trillion in 2015, measured as total health expenditure, being the sum of the funds from domestic public expenditure on health (US\$4.4 trillion), domestic private expenditure on health (US\$2.9 trillion) and health expenditure from external sources (US\$19.2 billion).⁵

Estimated Global Healthcare spending by region is set out below.

Figure 2: Geographic split of 2015 Global Healthcare industry



Source: Deloitte, '2018 Global health care outlook', estimated market sizes 2015.

Figure 2 indicates that North America and Europe are estimated to be the largest markets for healthcare products and services. The transition economies (economies changing from central planning to free markets, including the former Soviet Union and its satellite states) and the Asian &

Australasian regions are expected to be the fastest growing regions over the period to 2020.⁶

It has been estimated that the Global healthcare market will grow by approximately 4.3% per annum between 2015 and 2020.⁷

Global Laboratory Services market

To date, analytical laboratories, (which are mainly pathology practices operating in the laboratory services market), have been the majority of PKS' customers.

The Global Laboratory Services market was estimated to be worth over US\$200 billion in 2016 and includes pathology laboratories both within and external to hospitals.⁸ It is estimated that there are over 30,000 diagnostic and medical laboratories in the United States,⁹ demonstrating the considerable market opportunity based on the size of the US laboratory market alone.

Factors that are expected to drive growth in the global laboratory services market include:

- + the high prevalence of infectious diseases;
- + the incidence of seasonal diseases; and
- + the prevalence of lifestyle-related diseases.¹⁰

In addition, the growing geriatric population base combined with increasing patient awareness of early disease diagnosis are expected to drive further growth in the global laboratory market.¹¹

It has been estimated that this market will grow by approximately 6% per annum between 2017 and 2025.¹²

5 World Health Organization, 'New Perspectives on Global Health Spending for Universal Health Coverage', page 20, viewed 2 November 2018, < http://www.who.int/health_financing/topics/resource-tracking/new-perspectives/en/>

6 Deloitte, '2018 Global health care outlook', page 7, viewed 2 November 2018, <<https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html>>

7 Ibid.

8 Transparency Market Research, 'Global Clinical Laboratory Services Market: Snapshot', viewed 2 November 2018, <<https://www.transparencymarketresearch.com/clinical-laboratory-services-market.html>>

9 IBISWorld, 'Diagnostic & Medical Laboratories in the US', viewed 2 November 2018, <<https://www.ibisworld.com/industry-trends/market-research-reports/healthcare-social-assistance/ambulatory-health-care-services/diagnostic-medical-laboratories.html>>

10 Transparency Market Research, "Global Clinical Laboratory Services Market: Snapshot", viewed 2 November 2018, <<https://www.transparencymarketresearch.com/clinical-laboratory-services-market.html>>

11 IBISWorld, 'Pathology Services in Australia', page 3, July 2018.

12 Ibid.



Global Healthcare IT market

The Global Healthcare IT solutions market consists of IT sales to the healthcare market and was estimated to be worth in excess of US\$134 billion in 2015.¹³ The applications delivered include:

- + electronic health records;
- + picture archiving and communication systems;
- + telehealth;
- + computerised provider order entry;
- + mobile-based or mobile-enhanced solutions;
- + clinical information systems;
- + laboratory information systems; and
- + CDS.

The Global CDS market is estimated to be worth USD\$1 billion per annum and is the specific market in which PKS currently primarily competes.¹⁴

It has been estimated that the Global CDS market will grow at approximately 11.8% per annum between 2018 and 2023.¹⁵

¹³ Markets and Markets, “Healthcare IT Market by Product (EHR, RIS, PACS, VNA, CPOE, HIE, Telehealth, Healthcare Analytics, Population Health Management, Supply Chain Management, CRM, Fraud Management, Claims Management) End User (Provider, Payer) – Global Forecast to 2021” – <https://www.marketsandmarkets.com/PressReleases/healthcare-it-market.asp>.

¹⁴ Markets and Markets, ‘Clinical Decision Support Systems Market by Component (Services, Software), Delivery Mode, Product, Application, Model (Knowledge-based), Type (Therapeutic, Diagnostic) Interactivity (Active, Passive), Patient Care Setting – Global Forecasts to 2023’, viewed 2 November 2018, <<https://www.marketsandmarkets.com/PressReleases/clinical-decision-support-systems.asp>>

¹⁵ Ibid.

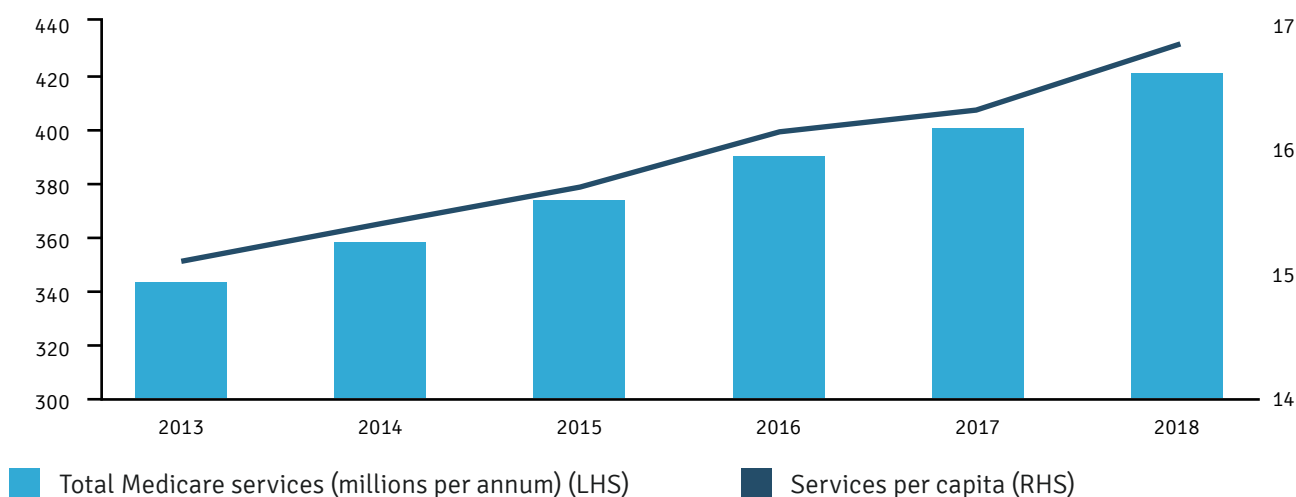
2.3 Industry Trends

RippleDown addresses the following major issues within healthcare organisations:

- + **Financial pressures are increasing:** Public and private health systems are facing revenue pressures and declining margins whilst healthcare budgets are under pressure from rising labour costs and expectations that organisations need to provide more services with less resources. These pressures are driving the need for greater efficiencies within healthcare organisations.¹⁶
- + **Patient volumes continue to rise:** Populations around the world are ageing and growing, with a growing geriatric population base.¹⁷ The number of services provided by Healthcare organisations is also rising. By way of example, Australian Medicare services have increased at a rate of over 4% per annum since 2013 and Australian per capita healthcare services have increased from 15.1% per annum in 2013 to 16.8% per annum in 2018, as illustrated below.¹⁸

Figure 3: Total Medicare Services and Services per capita

Medicare Services and Services per capita



Source: Department of Health, 'Annual Medicare Statistics'

As a result of patient volumes, Australian general practitioners are estimated to average only 15 minutes per consultation.¹⁹ The increase in patient volumes is leading to an increase in the workload of clinical staff.

- + **Expectations for patient outcomes are rising:** There is increasing patient awareness regarding early disease diagnosis and patients have higher expectations regarding their outcomes from medical services. This is driving a need for healthcare organisations to deliver innovative and personalised care.²⁰
- + **Succession risk from changes in personnel:** Care professionals are moving roles and jobs more frequently which makes it risky for healthcare organisations to rely upon the experience and expertise of any individual care professional. Changes to healthcare personnel increases organisational risk if the knowledge of key individuals is not captured by the organisation.²¹

16 Deloitte, '2018 Global health care outlook', page 7, viewed 2 November 2018, <<https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html>>

17 Ibid.

18 Department of Health, 'Annual Medicare Statistics' viewed 2 November 2018, <<http://www.health.gov.au/internet/main/publishing.nsf/content/annual-medicare-statistic>>

19 Nelson, Felicity, 'How short is long enough?', *The Medical Republic*, viewed 2 November 2018, <<http://medicalrepublic.com.au/short-long-enough/11864>>

20 Deloitte, '2018 Global health care outlook', page 8, viewed 2 November 2018, <<https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-health-care-sector-outlook.html>>

21 Ibid, page 25.



2.4 Competitors and Positioning

PKS' products assist healthcare organisations to build knowledge bases to collect, store and use the clinical and financial expertise within their organisations. Currently, PKS' complete focus is on supplying and servicing healthcare organisations with these products.

PKS' major competitors tend to be large healthcare IT software vendors that attempt to sell a CDS solution as a small component in a larger enterprise-wide information system being supplied to a healthcare organisation. In certain situations, a healthcare organisation may choose to install RippleDown instead of the CDS supplied by the competitor offering the enterprise-wide information system, as RippleDown may be seen as a superior CDS (see section 3.5 for details of RippleDown's competitive advantages).

There are standalone providers of CDS and these providers tend to be small organisations. PKS is unaware of having encountered any standalone CDS providers in its direct sales and marketing activities and they are rarely reported to PKS by channel partners, which may indicate low market penetration by these competitors, or inferior CDS offerings.





PKS Business Overview

3.1 Introduction to PKS

PKS is an Australian healthcare technology company. PKS provides a proprietary subscription based CDS called “RippleDown” that automates the human decision-making process within healthcare organisations based on rules set within the organisation by domain experts.

PKS supports healthcare organisations by interpreting critical information in an accurate, consistent and reliable manner, across multiple data sources. The solution has a broad range of applications across the healthcare services industry, with a number of major laboratories and hospitals across the world being users of the RippleDown software.

The key value propositions of the RippleDown solution for healthcare organisations are the potential to:

- + improve operational efficiency, with opportunities for significant cost savings and revenue improvements;
- + reduce risk for the organisation as clinical decisions can be supported by an auditable trail of knowledge-based rules built up by domain experts within the organisation; and
- + enable better decision making, leading to better patient outcomes.

PKS’ sales and distribution model involves both direct sales and sales via global channel partners. PKS has executed three global channel partnerships with major multinational healthcare organisations, being Abbott, a multinational healthcare products and services company headquartered in the US, Philips, a leading European health informatics organisation, and Thermo Fisher, a European-based multinational life science organisation.

PKS is based in Sydney, Australia and maintains a global footprint. PKS has 15 direct customers using the products with the software installed in over 100 sites across five continents. While PKS has Australian heritage and an installed base of Australian customers, over recent years the focus has been on international markets, which made up approximately 60% of its FY2018 revenue.

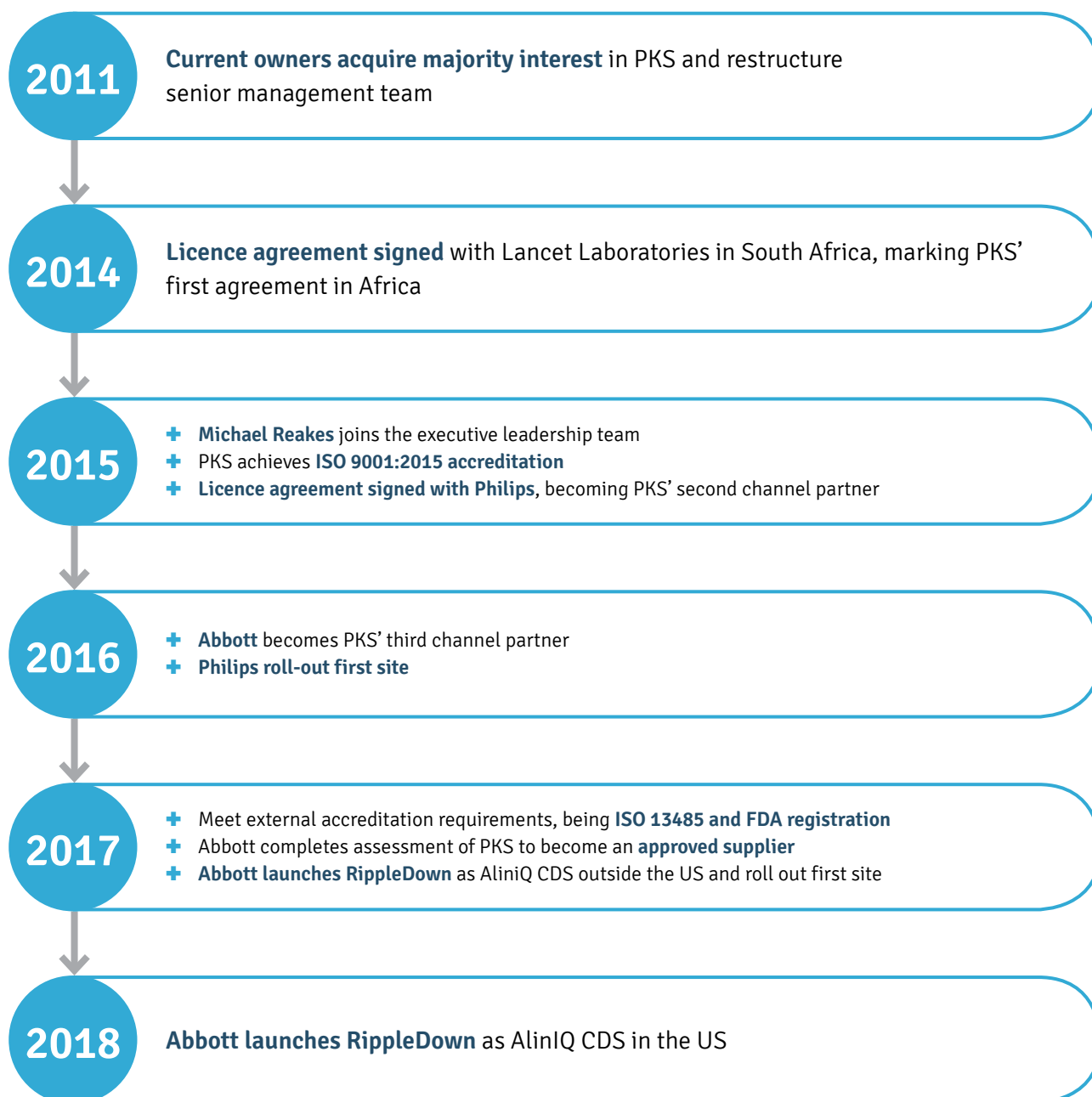
3.2 PKS History

PKS was originally established in May 1996 to develop and commercialise knowledge handling systems based upon the concept of ‘RippleDown Rules’ developed by Professor Paul Compton in the School of Computer Science and Engineering at the University of New South Wales, Sydney.

A key point in PKS’ history was in 2011 when there was a restructuring of the ownership and management team, enhancing the sales and service functions, targeting international channel partners and altering the revenue model to focus on structured licencing agreements with recurring revenues.

Set out below is a timeline of the major events in PKS’ history since 2011.

Figure 4: Timeline of major events



3.3 Products and Services

PKS' proprietary RippleDown CDS software consists of two separate products:

- + RippleDown Expert that has applications for the clinical side of a healthcare organisation's operations; and
- + RippleDown Auditor that has applications for the financial side of a healthcare organisation's operations.

A summary of each of the RippleDown products is set out below.

RippleDown Expert

RippleDown Expert is an advanced CDS system enabling real-time clinical interpretations to be made available to healthcare practitioners.

RippleDown Expert can automatically apply a healthcare organisation's expertise to patient cases utilising:

- + patient specific clinical rules set by the healthcare organisation; and
- + all information the organisation has on the particular patient.

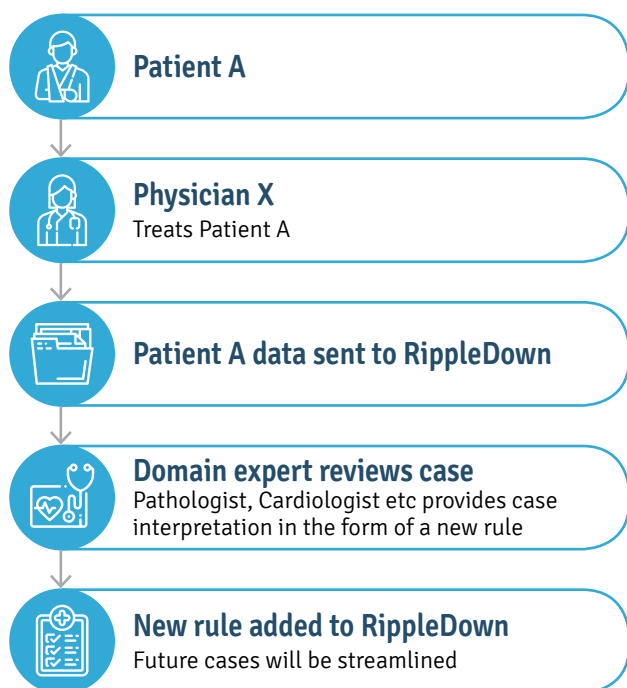
RippleDown Expert is typically provided to healthcare organisations without any rules and 'matures' within the organisation as rules are created. This involves historical cases being reviewed by domain experts to provide their own interpretation of the case. These interpretations are then captured by RippleDown in the form of rules which can be used in interpreting cases for future patients with similar symptoms and/or histories. As more and more cases are reviewed by domain experts, more rules are captured and RippleDown can provide more interpretations which can ultimately be validated automatically, with less requirement for human review.

RippleDown Expert can therefore automatically apply a clinician's expertise to each case and ensure the best interpretation of results are automatically delivered to referring clinicians. This allows healthcare organisations to replicate a domain expert's unique decision making process at scale, enabling a higher volume of decisions to be made at a rapid pace, with accuracy. It also establishes a knowledge base which protects the organisation from knowledge loss if experts leave the organisation.

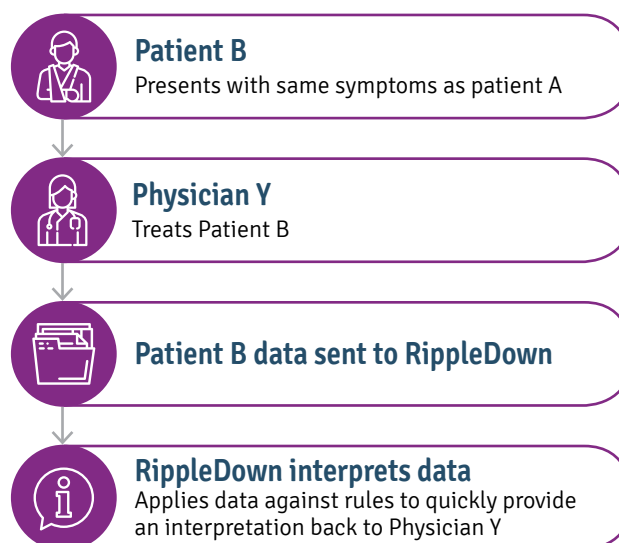
Figure 5 sets out the typical workflows for a healthcare organisation in building a set of rules utilising RippleDown Expert (implementation to maturity) and then the workflow in cases where an automated interpretation is provided (after maturity).

Figure 5: RippleDown workflows

1. Implementation to maturity



2. After maturity



The provision of interpretations based on a rich history of patient cases is the key feature that makes RippleDown different from other CDS. Set out in Figure 6 is a screen shot illustrating how RippleDown Expert works. The figure illustrates the use of RippleDown Expert in a pathology laboratory for a patient with high cholesterol (LDL, low-density lipoprotein). The figure demonstrates that a typical report in a laboratory not utilising RippleDown simply provides the LDL level or flags that it is above a defined target. In contrast, RippleDown examines the patient's history, applies the defined rules and provides a far more detailed recommendation taking into account the particular patient's history of ischaemic heart disease and use of cholesterol lowering drugs (statins). The pathology laboratory provides a detailed recommendation to the referring medical practitioner, specifically tailored to the patient. This is a far higher level of service than would typically be provided to a medical practitioner, saving them time and allowing a better service for their patient.

Figure 6: RippleDown Expert example

**Examines
patient history**

**Applies rules
developed
by the
organisation**

**Provides a detailed
interpretation of current
case incorporating all this
information**

	Range	2	02 Jul 12 11:15	15 Oct 12 08:10	14 Feb 13 09:20
LabNumber		104...	10760787	10763355, 107...	11375340
Cholesterol	< 5.5	6.4*	6.9*	7.1*	
Triglyceride	< 1.5	1.7*	1.3	1.4	
HDL	> 1.0	1.4	0.8*	0.7*	
LDL	< 3.5	4.2*	5.5*	5.8*	
Fasting Glucose			4.8		
HbA1c					
TSH	0.40—...		1.35	0.20*	
CollectedDate			02 Jul 12	15 Oct 12	14 Feb 13
Notes		N T...	ABNORMAL LF...	ON THYROXIN...	IHD/ON STATIN/ HYPERTHYROID
Ordered		T, L...	LFT, UE	GLUC, LIPP, TF...	FBC, LFT, UE LIPP, CK, TFT, IS, VITO
Secondary Tests					
Doctor Details					
User Defined Fields					
Chol_Increasing				true	
Lipid_Tx_High_C...				true	
SPECIALISTS		false	false	false	
HX_IHD		false	false	true	

Preview

History of ischaemic heart disease. On statin therapy. HDL remains low. LDL cholesterol remains ABOVE the 2012 Heart Foundation target (< 1.8 mmol/L) for secondary prevention in patients with established ischaemic heart disease. NHF guidelines indicate this patient has increased absolute risk for CVD (>15% risk of CVD within 5 yrs). For info see www.cvdcheck.org.au.

Please note that the last three Cholesterol results have continued to rise despite the patient receiving lipid medication. Suggest confirming compliance of use of medication with the patient.

MEDICARE GUIDELINES
FROM 1ST NOVEMBER 2014, HbA1c is eligible for Medicare rebates when used in the DIAGNOSIS OF DIABETES. A maximum of 1

Typical report

LDL = 5.8mmol/L

or

LDL is above target for high risk individuals (<2.0mmol/L)

RippleDown example report

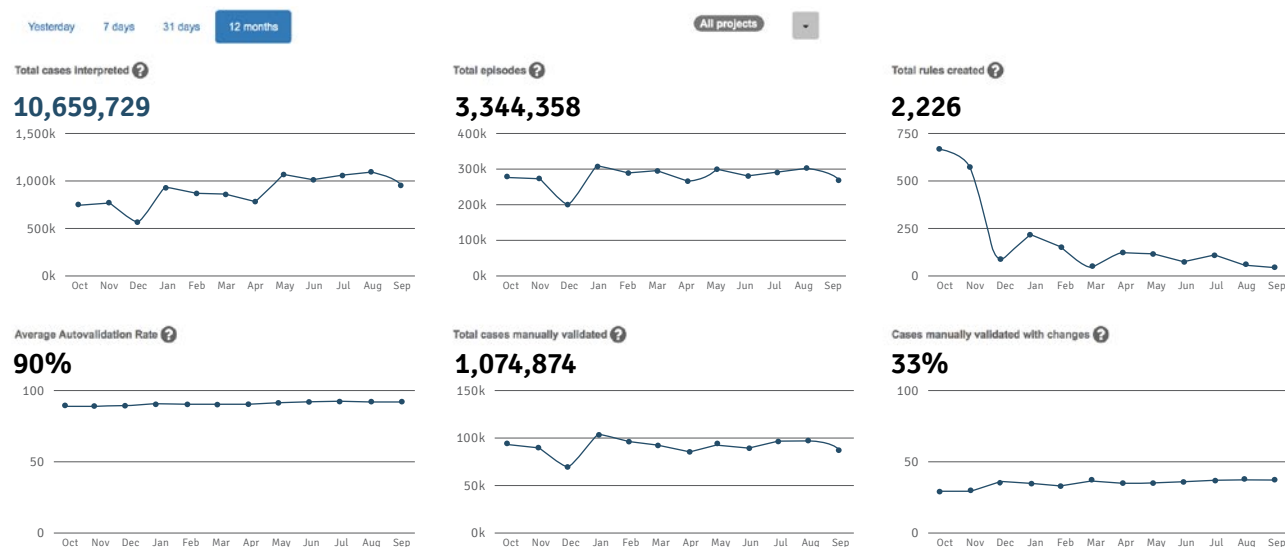
History of ischaemic heart disease. On statin therapy. HDL remains low. LDL cholesterol remains above the 2012 Heart Foundation target for secondary prevention in patients with established ischaemic heart disease....

Recommendations: Please note that the last three Cholesterol results have continued to rise despite the patient receiving lipid medication. Suggest confirming compliance of use of medication with patient.

RippleDown has a “dashboard” feature that enables users to view summary data for their organisation. An example of a RippleDown Expert dashboard for a customer is set out in Figure 7. This organisation:

- + processed over 10.6 million cases in the previous 12 months through RippleDown Expert;
- + had 90% of these cases interpreted automatically, with no human intervention;
- + added over 2,200 rules to the system; and
- + had approved reports returned in an average of 80 seconds.

Figure 7: Example of RippleDown Expert dashboard



Across all customers in the month of October 2018, RippleDown Expert provided physicians with over 6.5 million interpretations, 82% of which were auto validated. Of the 18% requiring manual intervention, 14% were approved with no change, and only 4% were changed and then approved.

RippleDown Auditor

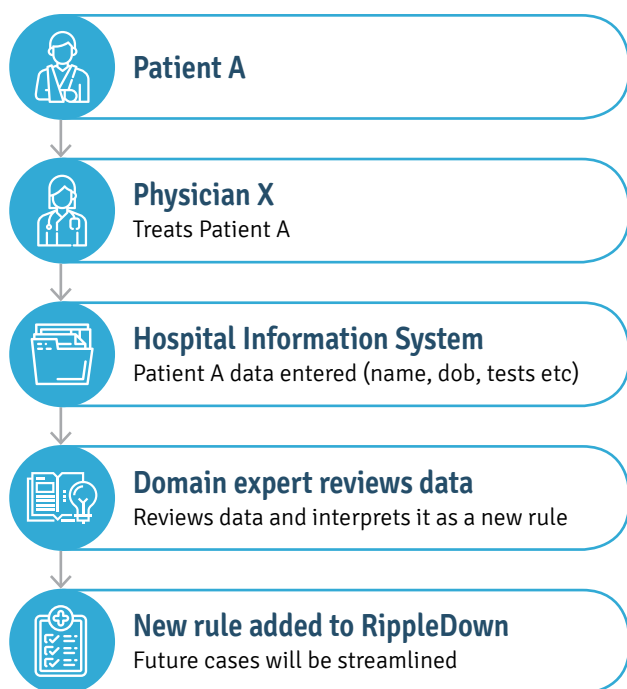
RippleDown Auditor is a knowledge-based system that allows multiple departments of a healthcare organisation (including data entry, billing and specimen reception) to audit 100% of all data into a hospital information system or laboratory information system in real-time. This allows the organisation to immediately identify any errors in the data submitted before they become an issue. Errors in submitting data is a common occurrence in healthcare organisations and may:

- + impact patient diagnosis and treatment; and
- + cost significant amounts of money in lost revenue, lead to incorrect tests being ordered and customer dissatisfaction.

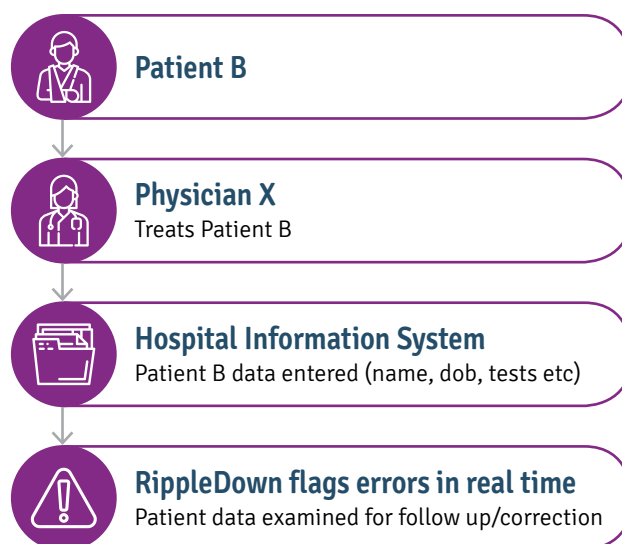
The process for building rules in RippleDown Auditor is the same as for RippleDown Expert. Figure 8 below explains the typical workflows for a healthcare organisation utilising RippleDown Auditor.

Figure 8: RippleDown Auditor workflow

1. Implementation to maturity



2. After maturity



Set out in Figure 9 is a screen shot illustrating how RippleDown Auditor works. In this particular example, RippleDown has identified that a Medicare number has been submitted incorrectly that could have resulted in Medicare not reimbursing a service. It has also identified that a Vitamin D test has been ordered that is not required by this particular patient, potentially saving an unnecessary test.

Figure 9: RippleDown Auditor example

Incorrect Medicare number – Medicare would not pay

Incorrect test ordered – Vitamin D test not required again

Auditor enables these errors to be corrected before the error costs money

88323461		Range 2	16 Feb 14 07:40	27 Mar 18 09:00	17 May 18 09:30
CaseName			88323461	88323461	88323461
Episode_Date_Time	08:...		2014-02-16 07:...	2018-03-27 09:...	2018-05-17 09:30
LabNum	0		3742752038	3755533846	3768315654
ReqNum	4		2362636442	2370717250	2378798058
PatientDemographics					
Title			MRS	MRS	MRS
DOB			31/07/1960	31/07/1960	31/07/1960
AgeinYears			53	57	57
AgeinDays			19558	20857	21109
Preg			N	N	N
Sex			F	F	F
Address1	RE...		5 LEMAR STRE...	5 LEMAR STRE...	5 LEMAR STREET
Suburb			CARLTON	CARLTON	CARLTON
Postcode_			2424	2424	2424
Medicare_Number	17		12398988917	12398988917	9876543210
Telephone	4		0255566644	0255566644	0255566644
TestRequested	SLU...		FBC, TSH, GLU...	FBC, VITD, TSH...	FBC, VITD, TROPI, CK, CKMB, TSH, LIPIDS, HDL, CRP
OverorderedVITD				true	

Preview

Demographics
Medicare number 9876543210 on current episode does not match the previous Medicare number for this patient. Please review.

Collections
Over ordered Vitamin D from monitored site.
Last Vitamin D performed 27/Mar/18
Alert collections supervisor.

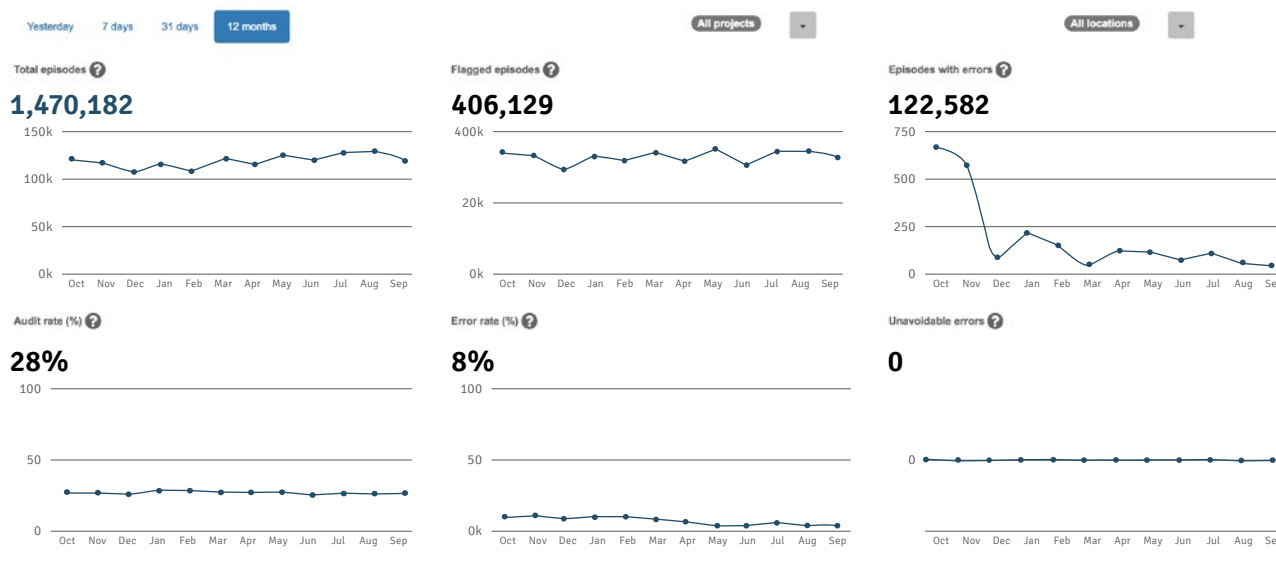
An example of a RippleDown Auditor dashboard for a customer is set out in Figure 10. In this particular example:

- + nearly 1.5 million episodes were processed through RippleDown Auditor in the last 12 months;
- + over 400,000 of these were flagged for review for potential errors; and
- + over 120,000 errors were identified (over 8%) and flagged for correction.

If not identified, these errors could have resulted in:

- + incorrect tests being ordered;
- + difficulty in collecting revenue; and
- + patient expectations not being met.

Figure 10: RippleDown Auditor dashboard



The benefit of RippleDown Auditor to health organisations is that, through utilising an automated, real-time review process, and leveraging the rules that have been built from the organisation's own decision making processes, accuracy is ensured, errors are minimised and increased efficiencies will result. This results in improved data quality, protection and collection of missed revenue and improved customer satisfaction.

Errors in the health care sector are a major issue. Errors could result in bad debts should there be disputes with Medicare, insurance companies or patients. Whilst not all bad debts will be due to errors, three major Australian listed healthcare operators had combined allowances for bad debts of over \$200m in FY2018.

Benefits of RippleDown

Set out in Figure 11 is a summary of how RippleDown addresses the major issues impacting healthcare organisations (as set out in Section 2.3).

Figure 11: How RippleDown addresses healthcare organisations' issues

Issue	Examples of How RippleDown Assists
Financial pressures on organisations, driving the need for greater efficiencies.	RippleDown Auditor ensures that data generated is valid and accurate, and that healthcare claims are correct which maximises claims and reduces wasted resources in chasing contested claims or ordering incorrect tests.
Patient volumes are increasing, driving an increase in workload for clinical staff.	RippleDown provides real time clinical interpretations based on rules set by an organisation, reducing the time required from the physician.
Ensuring consistent, high quality patient outcomes with higher patient expectations of innovative and personalised care.	RippleDown utilises rules defined by an organisation and the patient's complete history to provide consistent recommendations, tailored to the patient.
Succession risk as changes to an organisation's clinical workforce results in loss of knowledge and increases organisational risk.	Domain expert's expertise is captured within the rules they set in reviewing cases.

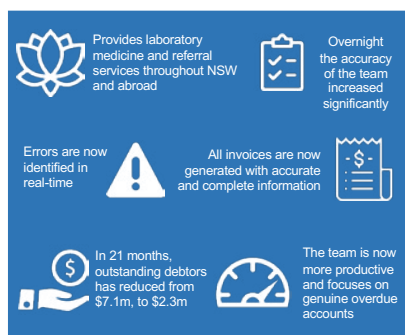
3.4 Case Studies

Figure 12 provides a summary of the results that have been achieved by three of PKS' customers through using RippleDown.

Figure 12: RippleDown case studies

Australian Public Health Organisation

This pathology organisation delivers laboratory medicine services to all public hospitals across a large area of NSW



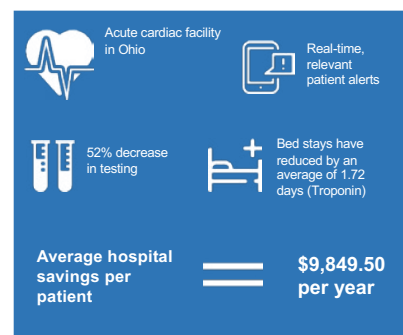
African Laboratory Business

This business is one of the leading pathology laboratories operating throughout Africa



US Hospital

This hospital is an acute cardiac facility and one of the largest providers in Ohio



3.5 RippleDown Competitive Position

As set out in Section 2.4, PKS' major competitors tend to be large healthcare IT software vendors that attempt to sell a CDS solution as a small component in a larger enterprise-wide information system. Standalone providers of CDS also exist and these providers tend to be small organisations. PKS believes that the RippleDown solution has a number of key advantages versus competitors that enable it to continue to win new business. These include the following:

Who builds the rules?

RippleDown rules are built by the healthcare organisation's Domain Experts (eg Pathologists, Cardiologists) and most rules can be built in less than five minutes with no programming skills. In contrast, competitor products typically require the healthcare organisation's IT development team to be involved in establishing and adding rules.

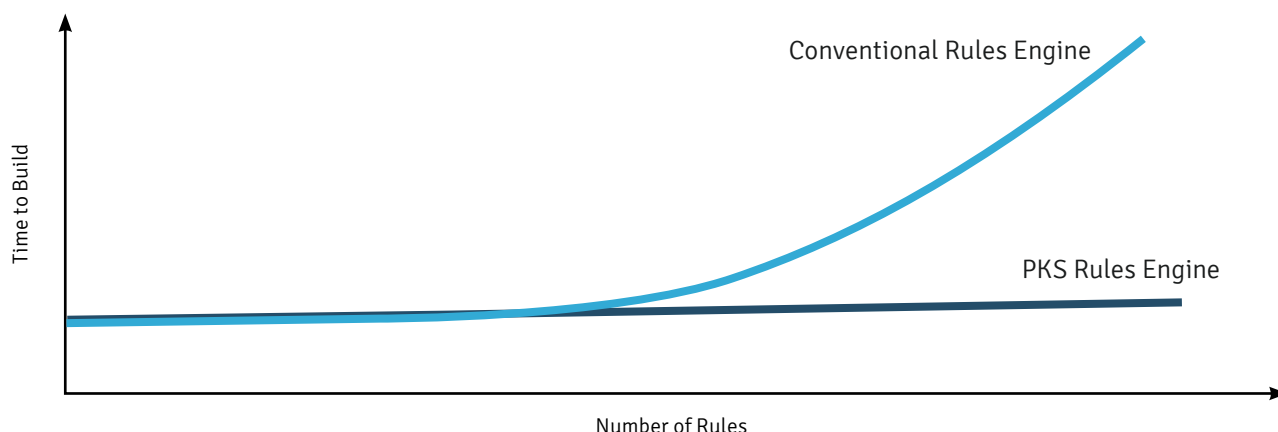
How long is the training?

Domain experts can become 'trained' to confidently use RippleDown to build rules within three days, as RippleDown has an intuitive, easy to use, natural language syntax.

How many rules can be written?

RippleDown has no limitation on the number of rules it can create for an organisation. Most other CDS have a practical limit on the number of rules that can be created due to complexity of the existing rule base.

Figure 13: Rule building comparison



Who tests the rules?

Conflicts with existing rules are assessed by RippleDown simultaneously with rule creation, in real time. Typically, competitor systems require manual regression testing where effort exponentially increases with the number of rules.

How are rules built?

RippleDown rules make clinical decisions based on real patient data, built up over time. Typically, competitor CDS are not built on real patient data but on theoretical data.

3.6 Sales and Distribution Model

PKS distributes its products via two key channels:

- + direct sales; and
- + global channel partners.

Over the last two years, PKS has had a limited direct sales capability. This was due to PKS' focus on enabling sales through channel partners and the exclusivity arrangement with Abbott was in effect (see below).

PKS believes an opportunity exists to invest in a direct sales team to further enhance growth. PKS believes the benefits of this opportunity to be:

- + higher margins achievable from customers sourced directly rather than through channel partners; and
- + greater support for channel partners within key geographies resulting in greater numbers and rates of installations.

Funds raised in the Offer will be partly directed towards establishing a new direct sales team, including hiring direct sales staff in key geographies, such as the United States.

The business currently has three global channel partners, being Abbott, a multinational healthcare products and services company headquartered in the US, Philips, a leading European health informatics organisation and Thermo Fisher, a European-based multinational life science organisation.

Channel partners provide a range of benefits for PKS that it cannot achieve on its own, including:

- + they provide an implicit validation of the technology;
- + they can educate organisations on the benefits of CDS more broadly, and RippleDown specifically;
- + allows more targeted approaches for direct sales; and
- + they can introduce the product to a wide range of their own global customers that PKS could not otherwise access.

The business secured its largest channel partner, Abbott, in April 2016. PKS entered into an agreement whereby the channel partner was granted an exclusive right to market and sell RippleDown (rebranded in their own brand) globally and PKS was restricted to servicing existing customers and channel partners. As a result, around that time, PKS disbanded its direct sales force and ceased marketing to other potential channel partners. This has impacted its ability to grow revenues in recent years.

The exclusivity period with Abbott expired in July 2017 but the channel partner continues to have a significant pipeline of sales leads. PKS is also now permitted to market RippleDown to prospective new direct customers and channel partners, being a significant future potential growth opportunity.

3.7 Revenue Model

PKS' revenue model varies depending on whether the customer is sourced directly or via a channel partner.

For direct customers, PKS typically earns an annual licence fee and/or an Episode Usage Fee. Episode Usage Fees can be calibrated to the number of cases sent to RippleDown, or the number of interpretations made by RippleDown. Either approach assists in giving the organisation confidence its Episode Usage Fee cost is reflective of the value it is achieving. This encourages the continual expansion of rules which in turn drives greater volumes of patient cases for the rules to interpret and as a result, greater Episode Usage Fee revenue for PKS.

Direct customers who have licenced the technology for a number of years and are processing significant volumes have negotiated fixed price licence agreements.

The average revenue per direct customer in FY2018 was approximately \$160,000 per annum, and ranged from approximately \$14,000 per annum to approximately \$900,000 per annum.

For customers sourced via channel partners, PKS typically earns an up-front fee on installation and a fixed ongoing licence fee. While all channel partner contracts differ, current revenue from a new installation with a channel partner customer might be approximately \$22,000 in the first year with around one third of this amount being an up-front fee, with the remainder being recurring revenue for the life of the contract.²² For more details regarding the arrangements with the channel partners, please see the descriptions in Section 9.5.

Figure 14 shows the cumulative growth in channel partner installations over recent years.

Figure 14: Channel partner installations

	FY2017	FY2018	HY2019
Cumulative Channel Partner Installations	1	9	18*

* Number of installations as at date of this Prospectus.

3.8 Customers and Geographic Coverage

RippleDown is currently installed in over 100 sites globally by 15 direct customers and via its global channel partners. PKS' largest customer represented approximately 23% of FY2018 revenues and the top five represented 65% of revenues.

Figure 15: Installations of RippleDown at customer sites

Customer	Expert and Auditor	Auditor Only	Expert Only	Total
Direct Customers	8	2	5	15
Channel Partners	13	0	84	97
Total	21	2	89	112

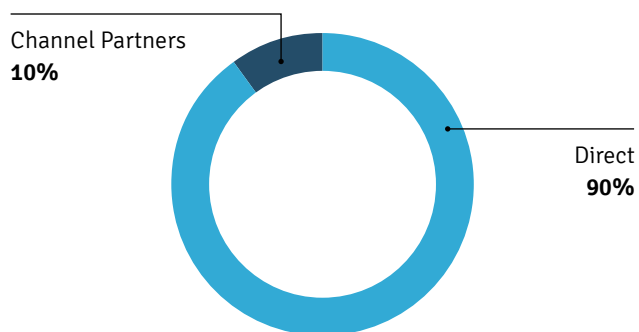
PKS has achieved strong customer retention and has maintained all contracted customers since 2011.

22 Based on a USD:AUD exchange rate of \$0.72.

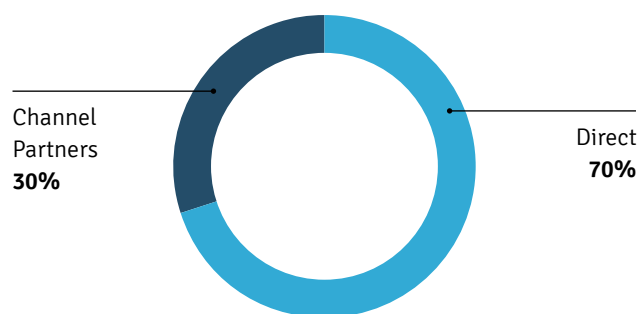
Until 2015, PKS focused its sales efforts on direct sales of RippleDown. PKS switched focus to channel partner sales in 2016, as demonstrated by the revenues generated from each source in FY2016 versus FY2018.

Figure 16: PKS revenue by distribution channel

**Revenue by Direct Sale/Channel Partner –
FY2016**



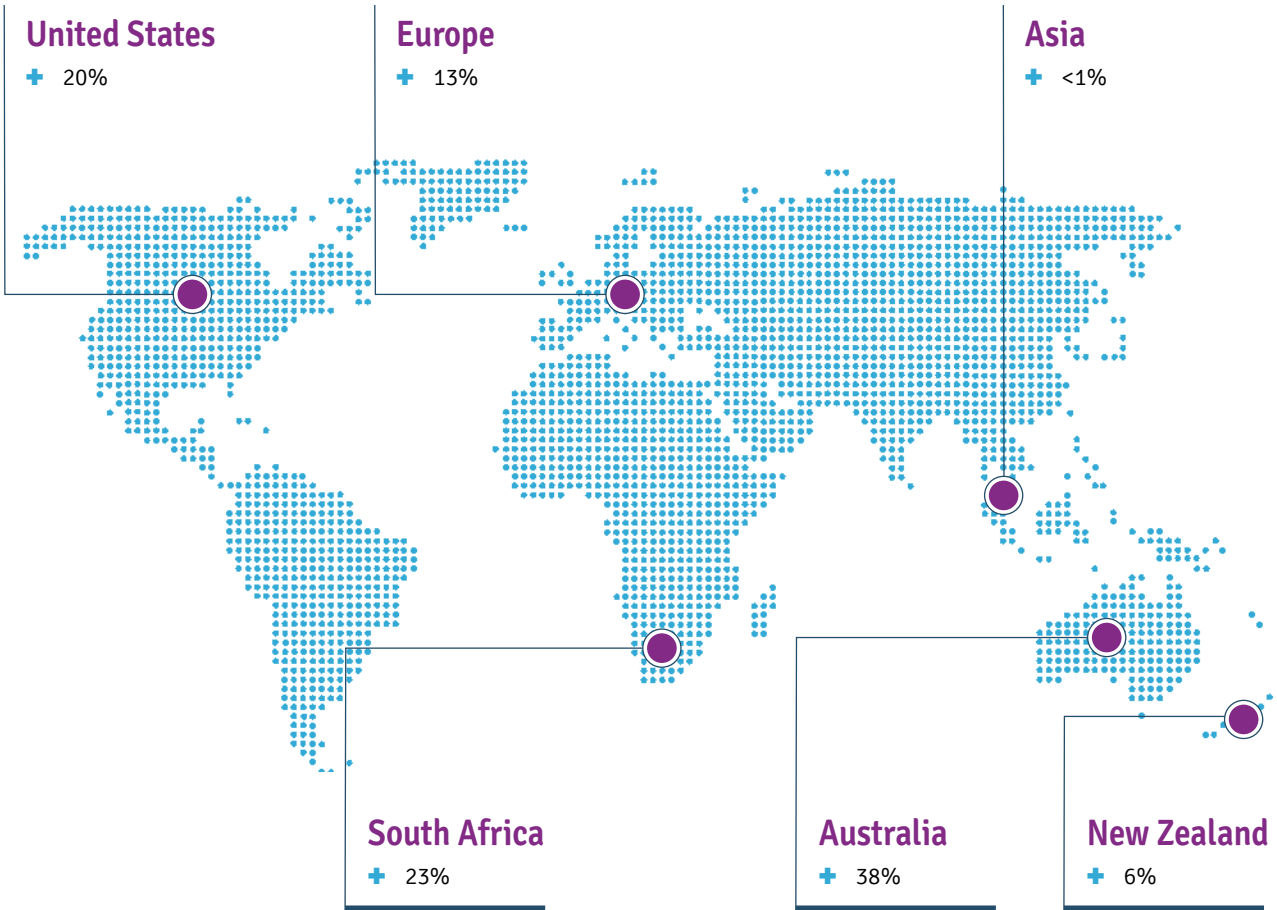
**Revenue by Direct Sale/Channel Partner –
FY2018**



Note: based on foreign exchange rates at the time.

PKS is a global business, with around 60% of customer revenue (approximately \$2.4 million in FY2018) derived from offshore customers, as set out below.

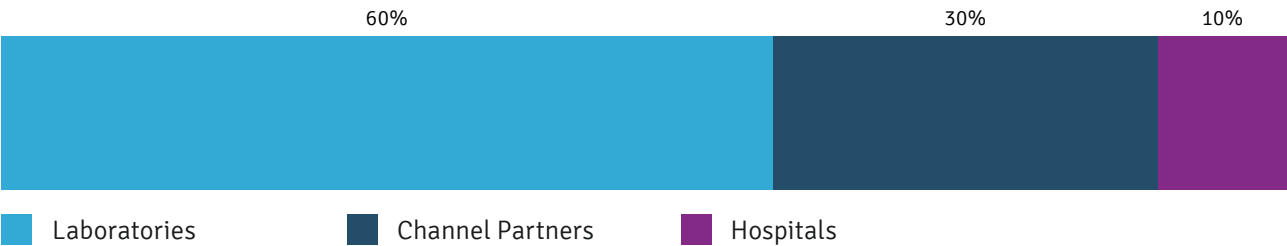
Figure 17: Revenue by region



Based on FY2018 revenues and location of customer / channel partner head offices. Certain direct customers have sites in multiple countries and certain channel partners sell into multiple countries.

PKS has achieved most success in the laboratory sector, as set out in Figure 17.

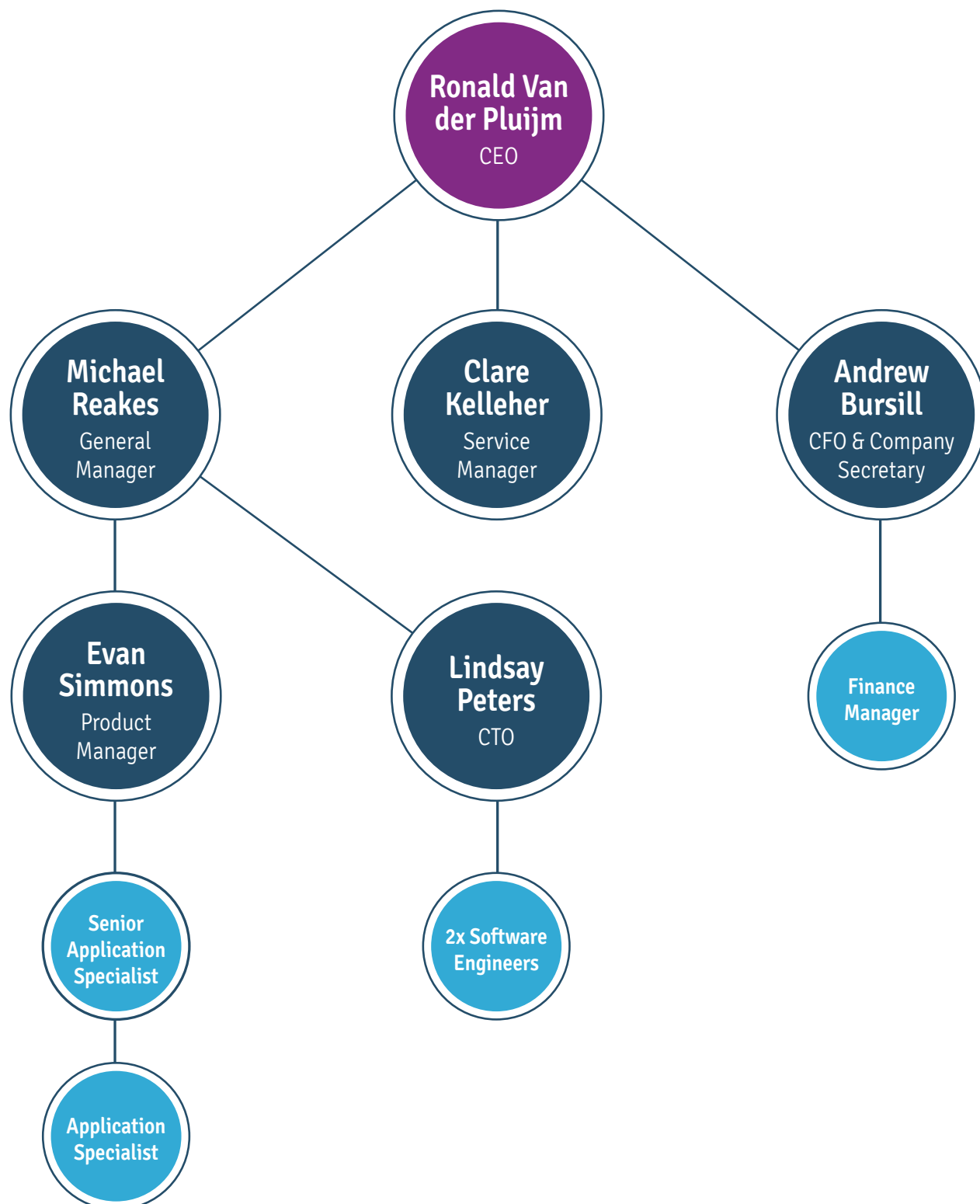
Figure 18: FY2018 Revenue, by Customer Type



3.9 People

PKS has approximately 10 staff, all located at the head office in Sydney. Details of the management team's experience is set out in Section 6.3.

Figure 19: Organisational Structure



In addition, the business has engaged contractors in the United States and Europe to support marketing and sales of RippleDown in these markets.

For sales made by channel partners, RippleDown requires minimal sales and customer service resources once the product is installed, as PKS trains the trainers employed by the channel partners, who train the customers' staff. Therefore, PKS is able to manage hundreds of installations with its small customer support team, utilising this 'train-the-trainer' approach. In addition, the product has very low maintenance requirements, further limiting the need to provide extensive customer service and support.

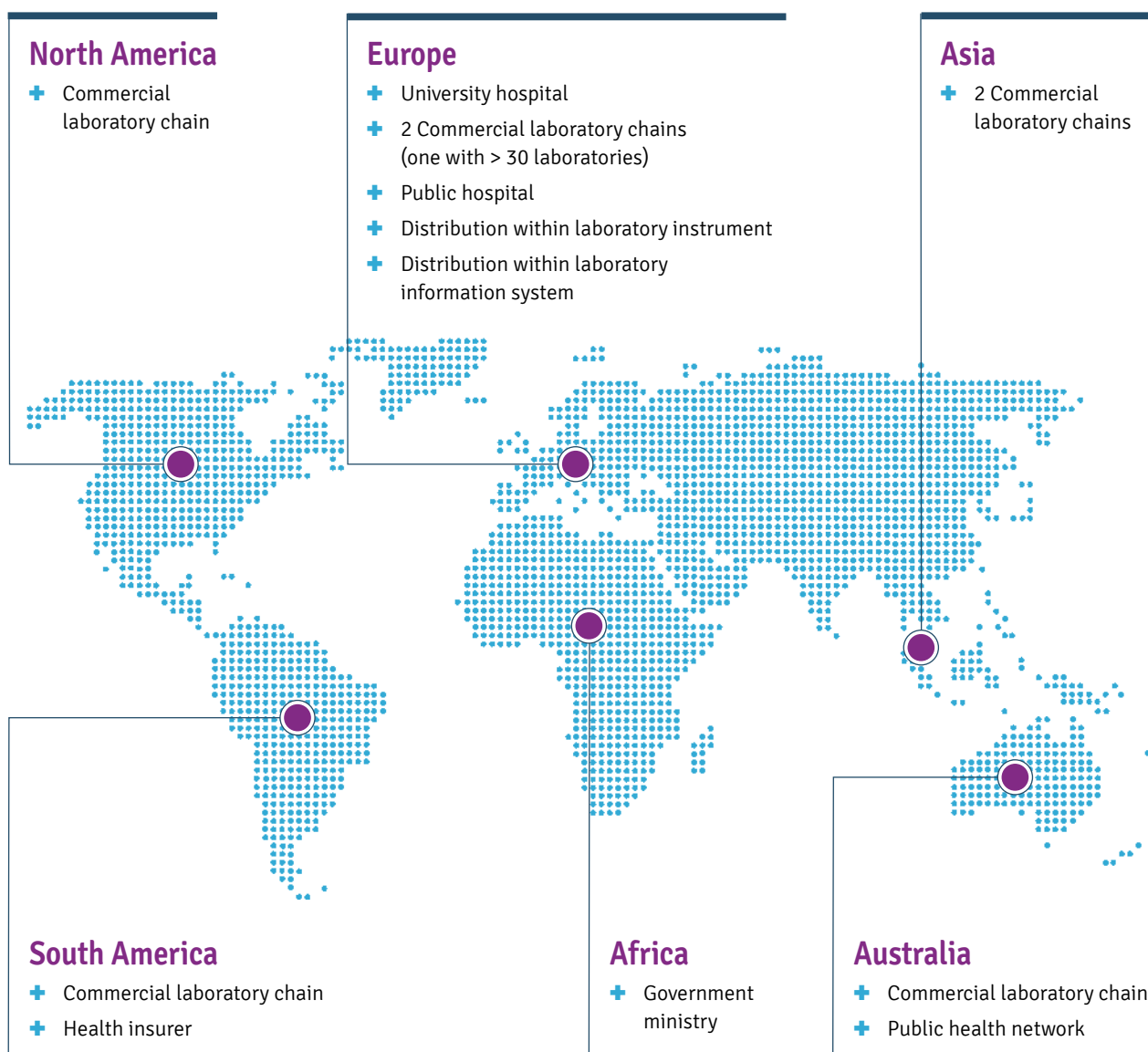
3.10 Growth Strategy and Major Initiatives

PKS has identified the following strategies to drive growth in revenue and earnings in future years:

Existing Channel Partner Development:

PKS intends to work with existing channel partners to promote the sales of RippleDown globally. Currently there are approximately 250 leads and opportunities in the pipeline with the channel partners. PKS believes the number of installations will grow through channel partner activity, noting specifically the US launch of AlinIQ CDS by Abbott in July 2018. Via its channel partners, RippleDown is currently being piloted or distributed to new customers around the world, as indicated below.

Figure 20: Channel Partner Pilots



New Channel Partner Identification and On Boarding:

PKS categorises potential partners as either:

- + clinical partners being healthcare suppliers; or
- + technical partners being healthcare technology vendors who would sell RippleDown as a component of their product offering.

PKS has identified a number of potential parties in both these categories that it believes would be strong channel partners in geographies and markets that offer attractive opportunities to win business with RippleDown. PKS is currently focusing on a large global laboratory instrument business as its next channel partner.

New Direct Customer sales:

While the current focus of PKS is on generating sales through channel partners, it also sees significant scope for direct sales of products, utilising its own sales resources. The first target market for direct sales is proposed to be the United States of America, which has over 30,000 laboratories²³, approximately 100 times more laboratories than in Australia.²⁴ To this end, PKS is currently targeting major US-based laboratory networks as customers. In addition, PKS sees a potential opportunity in the Hospital IT solutions market, given that PKS has currently very low penetration of this market.

Product Roadmap:

PKS intends to enhance the RippleDown product by providing support for cloud-based deployments and complementing the existing rules engine with artificial intelligence and machine learning. These enhancements should make the RippleDown product more appealing to prospective customers.

Price Increases:

As the RippleDown brand becomes more recognisable through direct and channel partner installations, PKS believes there may be an opportunity to increase product pricing for new contracts.

Selective Acquisitions:

Whilst the focus of PKS for the medium term is on channel development and direct customer acquisition, it may in the future look to make selective acquisitions to add technology capability and customers.

In order to pursue the strategy above, a proportion of funds raised in the IPO will be used to finance additional human resources.

²³ IBISWorld, 'Diagnostic & Medical Laboratories in the US' viewed 2 November 2018, <<https://www.ibisworld.com/industry-trends/market-research-reports/healthcare-social-assistance/ambulatory-health-care-services/diagnostic-medical-laboratories.html>>

²⁴ IBISWorld, 'Pathology Services in Australia', page 3, July 2018.

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Financial Information

This Section 4 contains a summary of the historical and pro forma historical financial information of the Company and DPP Group (collectively **Financial Information**).

The Financial Information should be read in conjunction with the business overview set out in Section 3, key risks set out in Section 5 and the other disclosure contained in this Prospectus. Investors should be aware that past results are not a guarantee of future performance.

4.1 Introduction

The Company was incorporated on 26th June 2018 for the primary purpose of acquiring DPP, the holding company of PKS. PKS together with DPP are referred to as the DPP Group. Other than its ownership of all of the shares of PKS, DPP has undertaken very limited operations in the financial years ended 30 June 2017 (**FY2017**) and 30 June 2018 (**FY2018**) and for the six month period ended 31 December 2018 (**HY2019**).

The Company has a limited trading history with no material activities or transactions other than in connection with advancing the acquisition of the DPP Group. As such the Company's statement of profit and loss and statement of cashflows for the HY2019 period have not been separately disclosed in this section.

The Financial Information in this Section includes:

✚ **Statutory Historical Financial Information**, being the:

- Statutory Consolidated Statement of profit and loss and other comprehensive income of the DPP Group for FY2017, FY2018, HY2019 and the six month period ended 31 December 2017 (**HY2018**);
- Statutory Consolidated Statement of cash flows of DPP Group for FY2017, FY2018 and HY2019; and
- Statutory Consolidated Statement of Financial Position of DPP Group as at 30 June 2017, 30 June 2018 and 31 December 2018.

✚ **Pro Forma Historical Financial Information**, being the;

- Pro Forma Consolidated Statement of Financial Position of the Company as at 31 December 2018.

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

Each of the Company, DPP and PKS have a 30 June financial year end. As such, any references in this Section to “FY” refer to a 30 June financial year end and “HY” refer to the 6 month period ended 31 December.

All amounts disclosed in the tables are presented in Australian dollars and rounded to thousands unless otherwise stated.

Only the Statutory Historical Financial Information for the DPP Group for FY2017 and FY2018 has been audited by HLB Mann Judd Assurance (NSW) Pty Ltd (HLBMJA). The Statutory Historical Financial Information relating to HY2018 and HY2019 has only been reviewed by HLBMJA.

The Financial Information has been reviewed and reported on by HLBMJC HLB Mann Judd Corporate (NSW) Pty Ltd whose Independent Limited Assurance Report is contained in Section 8 of this Prospectus. Investors should note the scope and limitations of the report.

This Section 4 also summarises the basis of preparation and presentation of the Financial Information (see Section 4.2).

4.2 Basis of Preparation and Presentation of the Financial Information

4.2.1 Overview

The Statutory Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

DPP Group's key accounting policies have been consistently applied throughout the periods and are set out in Section 4.8.

4.2.2 Preparation of Statutory Historical Financial Information

The Statutory Historical Financial Information has been summarised from the statutory financial statements of DPP Group for the purposes of inclusion in this Prospectus. HLBMJA has issued unqualified audit opinions in respect of the period FY2017 and FY2018. The HY2018 and HY2019 financial statements of DPP Group have been reviewed by HLBMJA who have issued an unqualified review opinion in respect of this period, including comparative information for HY2018.

4.2.3 Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared solely for the purposes of inclusion in this Prospectus. The Pro Forma Consolidated Statement of Financial Position as at 31 December 2018 has been extracted from the reviewed Statutory Statement of Financial Position of the Company as at 31 December 2018 and adjusted to take into account the impact of the IPO, the acquisition of DPP Group and other adjustments expected to be completed at, or prior to, the IPO.

Pursuant to *AASB 3 Business Combinations*, a purchase price allocation (**PPA**) for the acquisition of the DPP Group is required to be completed within 12 months from the date of the completion of the acquisition. For the purpose of preparing the Pro forma Historical Statement of Financial Position as at 31 December 2018, the Company has applied a provisional PPA using the book values of DPP Group's assets and liabilities, allocating the balance to goodwill. The Company will undertake a full evaluation of the identifiable intangible assets acquired by its balance date of 30 June 2019, in accordance with AASB 3, at which time the PPA and the recognition of goodwill may be materially different.

4.2.4 Non-IFRS Measures Adopted

Certain financial information included in this Section 4 is 'non IFRS financial information'. This information has been included in the Prospectus as the Directors believe that this non IFRS financial information provides useful information to users in measuring the financial performance and conditions of the Company.

As non IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which the Company calculates these measures may be different to the way other companies calculate similarly titled measures. We caution you not to place undue reliance on any non IFRS financial information and ratios.

In particular, the following non IFRS financial data is included:

- + EBITDA, which means earnings before interest, taxation, depreciation and amortisation; and
- + EBIT, which means earnings before interest and taxation.

4.3 Statutory Consolidated Statement of Profit or Loss and other Comprehensive Income

4.3.1 Overview

The table below sets out the Statutory Consolidated Statement of Profit or Loss and Other Comprehensive Income of the DPP Group for FY2017, FY2018, HY2018 and HY2019 as extracted from the consolidated financial statements of DPP Group.

Statutory Statement of Profit or Loss and Other Comprehensive Income for the DPP Group	FY2017 \$'000	FY2018 \$'000	HY2018 \$'000	HY2019 \$'000
Operating revenue				
Annual licence fees	642	704	352	350
Episode usage fees	2,188	2,373	1,133	1,248
Initial licence fees, consulting, training and other	224	797	494	359
Government grants	446	15	3	12
Total operating revenue	3,500	3,889	1,982	1,969
Operating expenses				
Staff costs	(1,517)	(1,053)	(461)	(591)
Sales and marketing costs	(359)	(393)	(263)	(103)
Occupancy costs	(121)	(111)	(57)	(52)
Other expenses	(188)	(227)	(100)	(64)
Total operating expenses	(2,185)	(1,784)	(881)	(810)
Operational EBITDA	1,315	2,105	1,101	1,159
Management fees	-	-	-	(2,000)
Statutory EBITDA	1,315	2,105	1,101	(841)
Depreciation and amortisation ⁽¹⁾	(32)	(50)	(19)	(38)
EBIT	1,283	2,055	1,082	(879)
Interest received ⁽²⁾	76	128	53	74
Net profit before taxation	1,358	2,183	1,135	(805)
Income tax benefit / (expense)	1,186	(609)	(317)	215
Net profit after taxation	2,544	1,574	818	(590)

Notes:

(1) In the audited financial statements, depreciation and amortisation is included in operating expenses.

(2) In the audited financial statements, interest received is included in revenue from continuing operations.

During HY2019 PKS incurred a one-off management of \$2.0m in relation to consultancy and advisory services provided by a majority shareholder of DPP. The DPP Group Statutory EBITDA has been adjusted in the table below to reflect the Pro Forma Historical EBITDA of DPP Group for the period.

No subsequent management fees are expected.

Pro Forma Historical EBITDA Reconciliation	FY2017 \$'000	FY2018 \$'000	HY2018 \$'000	HY2019 \$'000
Statutory EBITDA	1,315	2,105	1,101	(841)
One-off management fee	-	-	-	2,000
Pro forma EBITDA	1,315	2,105	1,101	1,159

The table below sets out a summary of DPP Group's key financial metrics for FY2017, FY2018, HY2018 and HY2019.

Key Statistics	FY2017	FY2018	HY2018	HY2019
Operating revenue growth ⁽³⁾	15.9%	11.1%	16.5%	-0.7%
Recurring revenue % of total operating revenue ⁽¹⁾	80.9%	79.1%	74.9%	81.2%
Recurring revenue growth ^{(1) (3)}	9.6%	8.8%	4.9%	7.6%
Sales and marketing costs % of total operating revenue	10.3%	10.1%	13.3%	5.2%
Staff costs % of revenue	43.4%	27.1%	23.3%	30.0%
Pro Forma EBITDA margin ⁽²⁾	37.6%	54.1%	55.5%	58.9%

Notes:

(1) Recurring revenues are Annual licence fees and Episode usage fees only

(2) HY2019 EBITDA margin normalised after reversing one-off management fee of \$2m

(3) Revenue growth is calculated with reference to the comparable period in the previous year

The table below sets out DPP Group's revenue received from Channel Partners for FY2017, FY2018, HY2018 and HY2019.

Channel Partner Revenue	FY2017 \$'000	FY2018 \$'000	HY2018 \$'000	HY2019 \$'000
Annual licence fees from channel partners	241	256	127	131
Episode usage fees from channel partners	59	108	53	95
Total Channel Partner revenue	300	364	180	226

Commentary on Historical profit or loss and other comprehensive Income

The following observations are made in relation to key items recognised within the historical profit or loss and other comprehensive income of the DPP Group.

+ Revenue

PKS generates revenue from the sources set out in the table below.

Revenue Source	% of Revenue ¹	Description
Annual Licence Fees	17.8%	Fee for software upgrades and support for RippleDown products.
Episode Usage Fees	63.4%	Usage-based fee, typically based on the number of episodes (e.g. test orders) conducted by the customer during the month. These fees are fixed for a large number of existing direct customers under contract.
Initial Licence Fees	2.4%	Fee for initial installation of RippleDown products.
Consulting/Software Development Fees	11.6%	Consulting support requested by the customer for sales and technical advice and any customer specific software development.
Training	0.5%	Training provided to customers for rule building.
Expense Recovery	3.7%	Recovery of travel expenses (airfares, accommodation, meals, etc.) at cost (i.e. no mark-up).

Revenue Source	% of Revenue ⁽¹⁾	Description
Government Grants	0.6%	R&D grants and Job Start Initiative Grant.

Notes:

(1) Percentage of HY2019 total operating revenue

DPP Group has achieved revenue growth of 11% over the period FY2017 to FY2018. This revenue growth is partly attributable to commercial agreements with channel partners, Abbott Laboratories and Philips Nederland B.V. These agreements have delivered additional installations of the RippleDown technology generating recurring licence fee revenue and Episode Usage Fees.

This has been complemented by training and support revenue as the take up of RippleDown software increases. The increase in consulting fees received in FY2018 compared to FY2017 was due to increased demand from channel partners for these services.

Interest revenue was primarily derived from loans advanced to related parties. Interest rates were charged at commercial interest rates. These loans were repaid prior to 31 December 2018.

Income from grants declined in FY2018 as R&D projects concluded, however, PKS continued work on product development which was capitalised in the statement of financial position. This development did not qualify for an R&D grant.

In HY2019, PKS achieved a higher proportion of recurring revenue due to an increase in the number of installations of the RippleDown software. This was offset by lower non-recurring revenue from consulting and development fees.

+ Expense items

DPP Group's major operating expenses are described below:

Expense Type	% of Revenue ⁽¹⁾	Description
Staff costs	30.0%	Salaries and on costs for PKS staff.
Sales and marketing costs	5.2%	Primarily costs of marketing and sales consultants and travel costs.

Notes:

(1) Percentage of HY2019 total operating revenue

Staff costs increased in HY2019 compared with HY2018 from 23% to 30%, mainly due to the employment of an additional resource to work with training channel partners and a reduction in the proportion of salary costs capitalised as a component of R&D projects.

Staff expenses declined in FY2018 from FY2017 primarily due to the capitalisation of software development salaries in FY2018 as a component of R&D projects as a result of greater certainty of future economic benefits resulting from this asset in accordance with AASB 138. Savings were also achieved through a restructuring of the software development team.

If the criteria for the recognition of capitalised development cost had been met in the prior periods, it is estimated that this would have reduced FY2017 staff costs in the income statement by \$0.28m.

Sales and marketing costs have declined over the last two years due to an increased focus on delivery of RippleDown software to existing channel partners in Europe and the USA.

Occupancy costs have reduced from FY2017 due to a move to smaller office premises.

Amortisation has increased in FY2018 and HY2019 following the capitalisation of R&D expenses, and subsequent amortisation of software development costs. These capitalised costs are currently amortised over a 10 year period.

Other expenses in the business (which include professional fees, insurances, IT and telephone expenses) have remained consistent over the period FY2017 to HY2019.

+ Tax

In FY2017, DPP Group recognised deferred tax balances for the first time. This included recognition of deferred tax balances and tax losses brought forward from prior years. These were recognised as a result of increased probability of the future utilisation of these deferred tax assets.

In FY2018, DPP Group utilised the tax losses available to it.

+ Contracted Revenue

PKS has historically produced a significant proportion of its revenue from contracted customer agreements. Specifically the majority of annual licence fees and episode usage fees are fixed under contract. Licence fee revenue from channel partner installations is also able to be determined with relative confidence. Consulting and training fee revenues are not contracted.

4.4 Statutory Statement of Cash Flows

The table below sets out the Statutory consolidated historical statement of cash flows of DPP Group for FY2017, FY2018, HY2018 and HY2019.

Statutory Historical Statement of Cash Flows for DPP Group	FY2017 \$'000	FY2018 \$'000	HY2018 \$'000	HY2019 \$'000
Operational EBITDA	1,315	2,105	1,101	1,159
Management fee outflow	-	-	-	(2,000)
Non-cash items in EBITDA	(15)	-	-	-
Changes in working capital	(454)	(220)	(619)	(762)
Operating cash flow	845	1,885	482	(1,603)
Capitalised development costs	-	(379)	(205)	(175)
Payments for plant and equipment	(75)	(7)	(11)	-
Free cashflow before investing, financing and tax	770	1,499	266	(1,778)
Interest received	76	128	53	74
Investment in/payments for term deposits	-	(9)	(9)	55
Amounts advanced to/repaid by related parties	(1,271)	(2,566)	(1,340)	4,795
Return of capital to shareholders	-	-	-	(2,750)
Proceeds from shares issued	-	3	3	18
Income tax paid	-	(19)	-	(51)
Statutory Net cash flow	(425)	(964)	(1,027)	363
Cash, beginning of year	1,674	1,249	1,249	285
Cash, end of year	1,249	285	222	648
Adjustments to statutory net cash flow:				
Statutory Net cash flow	(425)	(964)	(1,027)	363
Net outflow or inflow of transactions with related parties ⁽¹⁾	1,271	2,566	1,340	(45)
Interest received	(76)	(128)	(53)	(74)
Proceeds from share issue	-	(3)	(3)	(18)
Pro forma Net increase in cash	770	1,471	257	226

Note:

(1) Includes loans to and repaid by related parties, the one-off management fee paid to a related party of \$2.0m and the return of capital paid to shareholders of \$2.75m in HY2019.

Commentary on historical cash flow

Operating cashflows increased in FY2018 from FY2017 as a result of both increased revenues and improved debtor collection. For HY2019, operating cashflows were impacted by the one-off management fee of \$2.0m and Trade and other receivables which included a GST refund due of \$0.189m.

Invoicing for the majority of Episode usage fee revenue is conducted on a monthly basis whilst annual Licence fees are invoiced progressively throughout the year on the contract anniversary date.

Due to the nature of the operations of DPP Group, significant investment in capital expenditure (**Capex**) has not historically been required. The Capex investment in FY2017 was in relation to office fit out costs associated with the relocation of PKS' office.

4.5 Statutory and Pro Forma Historical Statements of Financial Position

4.5.1 Statutory Historical Statement of Financial Position

The table below sets out the historical statement of financial position of DPP Group as at 30 June 2017, 30 June 2018 and 31 December 2018.

Statutory Historical Statement of Financial Position of DPP Group	As at 30 June 2017 \$'000	As at 30 June 2018 \$'000	As at 31 Dec 2018 \$'000
Current Assets			
Cash and cash equivalents	1,250	285	648
Trade and other receivables	590	470	942
Total Current Assets	1,840	755	1,590
Non-Current Assets			
Other receivables	2,229	4,795	–
Property, plant and equipment	113	91	77
Investments	55	64	9
Intangible assets	–	358	509
Deferred tax assets	1,186	911	1,144
Total Non-Current Assets	3,583	6,219	1,739
TOTAL ASSETS	5,423	6,974	3,329
Current Liabilities			
Unearned income	1,096	847	614
Trade and other payables	182	128	73
Current tax liabilities	–	314	282
Employee entitlements	167	131	129
Total Current Liabilities	1,445	1,420	1,098
Non-Current Liabilities			
Deferred tax liability	1	–	–
Total Non-Current Liabilities	1	–	–
TOTAL LIABILITIES	1,446	1,420	1,098
NET ASSETS	3,977	5,554	2,231
Equity			
Contributed equity	4,568	4,571	1,839
Retained earnings	(591)	983	392
TOTAL EQUITY	3,977	5,554	2,231

4.5.2 Commentary on major items included in the Historical Statement of Financial Position

Key items within the historical statement of financial position of DPP Group as at 31 December 2018 include:

+ Cash and cash equivalents

These funds are held by local financial institutions in interest bearing accounts and are readily available for use by DPP Group.

+ Investments

Investments consist of term deposits held as security over rental guarantees provided by DPP Group's banker.

+ Trade and other receivables

These assets mainly consist of debts due from customers and the prepayment of certain expenses prior to balance date. The balance as at 31 December 2018 included a GST refund due of \$189K.

+ Non-current other receivables

These assets represented loans advanced to related parties at commercial interest rates, which were repaid prior to 31 December 2018.

+ Property, plant and equipment

These assets primarily relate to office furniture and fittings and computer hardware. The value of the assets is recognised at cost less accumulated depreciation.

+ Intangible assets

Intangible assets consist of software development costs capitalised in FY2018 and HY2019.

Prior to FY2018, software development costs were expensed. In FY2018, the Board of PKS considered it appropriate to recognise some of the development costs associated with the RippleDown software on PKS' statement of financial position as the criteria within AASB 138 had been met. Software development costs that are capitalised are amortised over a 10 year period with impairment tests conducted annually in accordance with AASB136.

+ Deferred tax assets

Deferred tax assets primarily consist of timing differences between tax and accounting treatment of software development costs and other accrued expenditure. Tax balances were first brought to account in FY2017 and were utilised in FY2018.

+ Unearned income

This liability represents revenue for which payment has been received but for which the service has not been provided to the customer as at balance date. The revenue is recognised over the term of the customer contract or invoice period.

+ Trade and other payables

This relates to amounts payable to third parties in relation to goods and services provided to PKS.

+ Current tax liabilities

This liability represents company income tax payable to the ATO. During FY2018, DPP Group utilised tax losses brought forward from FY2017.

4.5.3 Pro Forma Consolidated Statement of Financial Position

The table below sets out the Pro Forma Consolidated Statement of Financial Position of the Company as at 31 December 2018.

The pro forma statement of financial position is based on the historical statements of financial position of the DPP Group and the Company as at 31 December 2018, after adjusting for the impact of the IPO and other material transactions or events occurring prior to the IPO.

The pro forma statement of financial position is provided for illustrative purposes only and does not represent an indication of the Company's view of its future financial position.

Pro Forma Consolidated Statement of Financial Position of the Company					
As at 31 December 2018	DPP Group \$'000	Qpro Holdings \$'000	Combined Financial Position⁽¹⁾ \$'000	Pro Forma & Other Adjustments⁽²⁾ \$'000	Pro Forma Financial Position \$'000
Current Assets					
Cash and cash equivalents	648	612	1,260	1,594	2,854
Investments	–	–	–	–	–
Trade and other receivables	942	15	957	–	957
Total Current Assets	1,590	627	2,217	1,594	3,811
Non-Current Assets					
Property, plant and equipment	77	–	77	–	77
Investments	9	–	9	–	9
Intangible assets	509	–	509	13,973	14,482
Deferred tax assets	1,144	–	1,144	–	1,144
Total Non-Current Assets	1,739	–	1,739	13,973	15,712
TOTAL ASSETS	3,329	627	3,956	15,567	19,523
Current Liabilities					
Unearned income	614	–	614	–	614
Trade and other payables	73	62	135	–	135
Current tax liabilities	282	–	282	–	282
Employee entitlements	129	–	129	–	129
Total Current Liabilities	1,098	62	1,160	–	1,160
TOTAL LIABILITIES	1,098	62	1,160	–	1,160
NET ASSETS	2,231	565	2,796	15,567	18,363
Equity					
Contributed equity	1,839	770	2,609	16,559	19,168
Retained earnings	392	(205)	187	(992)	(805)
TOTAL EQUITY	2,231	565	2,796	15,567	18,363

Notes:

(1) Combined balances of the Company and DPP Group following the acquisition but prior to the capital raising.

(2) Pro-forma adjustments as a result of the proposed capital raising and IPO and Pre IPO adjustments relate to material restructuring transactions following the acquisition but prior to the IPO and capital raising.

4.5.4 Pro Forma Cash Reconciliation

The table below details the reconciliation of the pro forma cash balance of the Company as at 31 December 2018, reflecting the actual cash balance at that date and reflecting the impact of the pro forma adjustments discussed below:

Pro Forma Historical Balance Sheet Reconciliation (\$000)

Cash at 31 December 2018	1,260
Capital Return	(705)
Capital raising proceeds	19,500
Payment to vendors of DPP	(15,500)
Expense of offer	(1,701)
Pro forma adjustments	1,594
Pro forma cash balance	2,854

The Pro-Forma Adjustments are:

- + The \$0.705m capital return to the prior shareholders of DPP Group. In accordance with the terms of the SPA detailed in section 9.4, DPP and PKS are required to have working capital of approximately nil at the completion of the acquisition. In order to achieve this obligation a capital return is proposed.
- + The acquisition of 100% of the equity interests in DPP Group by the Company for consideration of \$15.5m; and
- + The net impact of the proposed capital raising under the Offers which includes the following:
 - A subscription of \$19.5m (97,500,000 shares at \$0.20 per share) under the Public Offer and the Invitation Offer; and
 - Costs of the Offers totaling approximately \$1.70m (refer to Section 4.7). This includes an equity portion of \$1.10m which represents the fees payable to the Joint Lead Managers and has been offset against issued capital, and the balance of amounts that will be expensed in the income statement, being \$0.6m, which has been offset against retained earnings.

4.5.5 Pro Forma Contributed Equity Reconciliation

The table below details the reconciliation of the pro forma contributed equity balance of the Company as at 31 December 2018, reflecting the actual contributed equity balance at that date and reflecting the impact of the pro forma adjustments discussed below:

Pro Forma Historical Contributed Equity Reconciliation (\$000)

Contributed equity at 31 December 2018	2,609
Capital Return	(705)
Consolidated Adjustment	(1,134)
Subscription for new contributed equity	19,500
Expenses of the Offer (equity portion)	(1,102)
IPO Adjustments	16,559
Pro forma contributed equity balance	19,168

The Pro-Forma Adjustments are:

- + The \$0.705m capital return to the prior shareholders of DPP Group described in 4.5.4.
- + The acquisition accounting entry to eliminate on consolidation of PKS' contributed equity of \$1.134m (being \$1.839m at 31 December 2018 less the \$0.705m return of Capital);
- + A subscription of \$19.5m (97,500,000 shares at \$0.20 per share) under the Public Offer;
- + The equity portion of costs of the Offer, \$1.10m, which represent the fees payable to the Joint Lead Managers which has been offset against issued capital.

4.5.6 Pro Forma Retained Earnings Reconciliation

The table below details the reconciliation of the pro forma retained earnings balance of the Company as at 31 December 2018, reflecting the actual retained earnings balance at that date and the impact of the pro forma adjustments discussed below:

Pro Forma Historical Retained Earnings Reconciliation (\$000)

Retained earnings at 31 December 2018	187
Consolidation Adjustments	(392)
Expenses of the Offer (P&L portion)	(600)
Pro forma Retained Earnings balance	(805)

The Pro-Forma Adjustments are:

- + The acquisition accounting entry to eliminate on consolidation of DPP's retained earnings (\$0.392m); and
- + The portion of the costs of the Offer (see Section 4.7) that will be expensed in the income statement, being \$0.6m

4.6 Options and Performance Rights

The following Options and Performance Rights are either currently on issue, or will be issued following the IPO:

- + 7,000,000 existing Options held by shareholders of the Company. The Options have an exercise price of \$0.10 and vest on the first anniversary of the date of issue (refer to Section 9.3). The Options in this category have an estimated value at \$0.83m (\$0.119 per Option), utilising inputs that are relevant at the date of this Prospectus and assuming they were issued on 31 December 2018. However, in line with Australian Accounting Standards, an option's value can only be measured using inputs relevant at the time of the option's issue. As such, this value is purely indicative and may change at the date the Company is admitted to the Official List.
- + 4,450,000 Options to be issued to Directors and Management. The Options have an exercise price of \$0.20 and vest if the holder is employed by the Company for at least 2 years from the date of issue of the Options and the five day volume weighted price of the Company's shares is 40 cents or above for more than 30 days (refer to Section 9.3). The Options in this category have an estimated value at \$0.18m (\$0.04 per Option), utilising inputs that are relevant at the date of this Prospectus and assuming they were issued on 31 December 2018. However, in line with Australian Accounting Standards, an option's value can only be measured using inputs relevant at the time of the option's issue. As such, this value is purely indicative and may change at the date the Company is admitted to the Official List.
- + 6,000,000 Performance Rights to be issued to Directors and Management. The Performance Rights have no exercise price and vest if the holder is employed by the Company for at least 2 years from the date of issue of the Performance Rights and the five day volume weighted price of the Company's shares is 40 cents or above for more than 30 days (refer to Section 9.3). The Performance Rights in this category have an estimated value at \$0.3m (\$0.05 per Right), utilising inputs that are relevant at the date of this Prospectus and assuming they were issued on 31 December 2018. However, in line with Australian Accounting Standards, an option's value can only be measured using inputs relevant at the time of the option's issue. As such, this value is purely indicative and may change at the date the Company is admitted to the Official List.

The Options and Performance Rights above have been or are to be issued to employees and Directors, hence they will be treated as share-based payments and expensed over the vesting period. There is no impact of the issue of these securities recorded in the pro-forma consolidated statement of financial position.

The cost of incentives provided to employees and Directors will be recognised in future financial periods.

4.7 Costs of the Offer

The total cost of the Offer has been estimated to be \$1.70 million (including legal, accounting, tax, listing and administrative fees, lead managers fees, Prospectus design and printing, Share Registry and other expenses). These costs have been, or will be, borne by the Company from the proceeds of the Offer.

This includes an equity portion of \$1.10m which has been offset against issued capital.

4.8 Summary of Significant Accounting Policies

4.8.1 Basis of Preparation

The Historical Financial Information has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for for-profit oriented entities. The financial statements on which the historic financial information is based also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The DPP Group financial statements have been prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the most recent DPP Group financial report.

a) Critical Accounting Estimates and Judgements

In the process of applying the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily available from direct sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about areas of estimation uncertainty that have a significant risk of resulting in a material adjustment in the next year and critical adjustments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described in the following accounting policies.

b) Principles of consolidation

The historical consolidated financial statements incorporate the assets and liabilities of all subsidiaries of DPP Holdings Pty Ltd ('company' or 'parent entity') and the results of all subsidiaries for the period.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the consolidated entity.

c) Revenue recognition

The consolidated entity applies the following 5-step model for revenue recognition related to contracts with customers:

- a) Identify the contract(s) with customer
- b) Identify the performance obligation in the contract
- c) Determine the transaction price
- d) Allocated the transaction price to the performance obligation in the contract
- e) Recognise revenue when or as the entity satisfied in performance obligations.

The entity recognises sales revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer, which is when the customer receives the product upon installation. The amount of revenue recognised reflects the consideration to which the entity is or expects to be entitled in exchange for those goods or services.

Contracts with customers can include various combinations of products and services, which are distinct and accounted for as separate performance obligations. The revenue associated with each obligation is calculated based on its stand-alone selling price.

Revenue is recognised over time if the customer simultaneously receives and consumes the benefits as the entity performs. If this is not the case, revenue is recognised at a point in time.

The entity recognises revenue predominantly from the following sale of software and services:

RippleDown Products

RippleDown products are sold as a ready to use product and are usable by the customer at the time of installation. The performance obligation is satisfied once the customer is provided with installed RippleDown Products. This initial licence revenue is recognised at the point in time at which the installation is functional. At this point in time, the Customer has control of the asset.

Annual upgrades, maintenance and support

Contracts may include the provision of annual upgrades, maintenance and support. Upgrades are the result from minor maintenance and customers are able to elect whether to upgrade or continue using their existing product version. These services are provided annually, and the performance obligation is satisfied over the year. Licence revenue from these services is recognised on a pro-rata basis.

Usage fee

Customer contracts may include fees based on the number of interpretations at a specified rate or an agreed monthly or quarterly amount. Revenue based on usage is recognised over time as the customer simultaneously receives and consumes the benefits.

Training

Training services are typically provided when requested by the customer and may vary depending on the expertise of the customer. Contracts typically include charge rates for training and are invoiced once the training has been conducted. The performance obligation is satisfied over the period in which the training is conducted, and revenue is recognised over the same period.

Development and consulting

Development and consulting services are specific to the Customer and are charged at contracted rates. These projects may include off line static analysis for rule building, support such as assistance with complex rule building, dashboard development, specific integration or marketing and pre-sales support to channel partners. The performance obligation is satisfied over the period in which the service is provided and revenue is recognised over the same period.

Government grants

Revenue from government grants is recognised on a receipts basis due to the uncertainty of receiving the grant until the cash has been physically received.

d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Tax Consolidation

The DPP Group is a tax consolidated group under the Australian tax consolidation legislation.

The head entity, DPP, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, DPP also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group if they satisfy the criteria for recognising deferred tax assets.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

e) Intangible assets

Intangible assets comprise internally developed software and software acquired by DPP on acquisition of PKS. Costs incurred in developing software that will contribute to the future period financial benefits through revenue generation are capitalised as intangible assets. Costs capitalised include personnel costs and directly attributable information technology costs. Research expenditure is recognised as an expense as incurred.

Amortisation is calculated to write off the cost of the intangible assets less their estimated residual values using the straight line method over their estimated useful lives, being 10 years.

f) Impairment of assets

Intangible assets are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

g) Share based payments

Share-based compensation benefits are provided to employees. The fair value of options granted is recognised as an expense with a corresponding increase in equity.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

h) Foreign currency translation

Exchange profits and losses are brought to account in profit or loss when transactions are settled.

i) New accounting standards and interpretations

New or amended Accounting Standards and Interpretations adopted

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the

performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. DPP Group adopted this standard from 1 July 2018 and its adoption did not have a material impact on the consolidated entity.

There was no impact on the Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, or Statement of Cash Flows from the adoption of AASB 15.

AASB 9 Financial Instruments

AASB 9 introduced new requirements for:

- + The classification and measurement of financial assets and financial liabilities; and
- + The impairment of financial assets, where the consolidated entity has applied the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

There was no impact on the Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, or Statement of Cash Flows from the adoption of AASB 9.

New Accounting Standards and Interpretations not yet mandatory

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The standard will affect primarily the accounting for the consolidated entity's operating leases. However, management has not yet determined to what extent these commitments will result in the recognition of an asset and liability for future payments and how this will affect the consolidated entity's profit and classification of cash flows.

Some commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB16.

4.9 Commitments and Contingent Liabilities

The Company has the following ongoing non-cancellable operating leasing commitments at 31 December 2018;

	2018
	\$
Non-cancellable operating lease commitments	
Within one year	122,563
One to five years	106,356
	228,919

4.10 Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

4.11 Liquidity

Following Completion of the Offer, the Company's principal sources of funds will be cash on its statement of financial position and cash flow from operations. The Company expects that it will have sufficient funds available from the cash proceeds of the Offer, in addition to the cash and cash equivalents available from its ongoing operations, to fulfil the purposes of the Offer and meet its stated business objectives.



5

Risk Factors

This section describes some of the potential risks associated with the Company, which includes its business model, the industry in which it operates in and an investment in the Company's Securities, which includes the New Shares. It does not purport to list every risk that may be associated with the Company and the occurrence or consequences of some of the risks associated here may be partially or completely outside of the control of the Company, its Directors and senior management.

The selection of risks had been based on an assessment of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment of risks is based on the knowledge of the Directors and senior management as at the Prospectus Date. There is no guarantee or assurance that the risks will not change or that other risks will not emerge.

These risks have been separated into:

- (a) Risks specific to an investment in the Company; and
- (b) General risks.

There are a range of specific risks associated with the Company's business and its involvement in the global healthcare IT industry. In addition, there are numerous widespread general risks relevant to the Company which are associated with investing in any form of business and with investing in the share market generally.

The specific and general risks considered, and others not specifically referred to in this Prospectus, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. The risks may also cause actual results, performance, events or outcomes to differ materially from the results, performance, events or outcomes expressed or anticipated in forward-looking statements contained in this Prospectus. Potential Applicants should note that past performance is not a reliable indicator of future performance.

Before applying for Securities offered under this Prospectus, Potential Applicants should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their investment objectives, financial circumstances and taxation position.

Some of the risks may be mitigated by the Company using safeguards and appropriate risk management systems and taking certain actions, however, these measures may not be sufficient to fully protect the Company. In addition, as

noted above, some of the risks may be partially or completely outside the control of the Company, and not capable of mitigation. No assurances can be given by the Company, its Directors and senior management that any of the risk factors will not adversely affect the Company.

An investment in the Company's Securities is highly speculative and not risk free. Accordingly, the Company strongly recommends that Potential Applicants carefully consider the risk factors identified in this Section, together with information elsewhere in this Prospectus, and consult their professional advisors, before deciding whether to apply for Securities under this Prospectus.

5.1 Risks Specific to an Investment in the Company

Channel Partner Risk

PKS distributes its products via two key channels, being direct sales using its own sales resources and through three global channel partners. Sales through channel partners represented approximately 30% of total revenue in FY2018, which has grown from 10% of total revenue in FY2016. Accordingly, given the significant portion the channel partner sales represents, if channel partners failed to deliver in the future or if the relationships with channel partners were adversely affected for any reason, this may lead to a decrease in the Company's sales, which would have a materially adverse effect on the Company's overall financial performance. There is no guarantee that the Company's existing channel partners will continue to perform and contribute strongly to the Company's sales, as they have in previous financial years. If this was to occur, there is no guarantee that the Company will be able to replace the sales lost either through direct sales or through relationships with new and other existing channel partners.

In addition, there is no guarantee that the Company's contracts with its existing channel partners will continue to operate beyond the current contracted periods (further details of which are set out in Section 9.5 of this Prospectus), or that the contracts will be successfully renewed. If the contracts come to an end or are otherwise renewed on inferior terms, this could lead to decreased sales and be materially adverse to the Company's financial performance, especially in circumstances where the Company is unable to increase sales from other sources and/or from new or existing channel partner relationships.

Key Customers Risk

The Company's largest customer represented approximately 23% of FY2018 revenues and the top five represented 65% of revenues. Whilst PKS has achieved strong customer retention and has maintained all contracted customers since 2011, there is no guarantee that this will continue to occur in the future. Accordingly, if the Company was to lose any of its key customers, this would have a significant impact on the Company's revenue and sales, which may be materially adverse to the Company's overall financial performance in future years.

Revenue Growth Risk

As set out in Section 3.10, PKS has identified a number of strategies and initiatives to drive growth in revenue and earnings in future years. However, there is no guarantee that any of these strategies or initiatives will be successful in driving growth in the Company's revenue and earnings in the future.

In particular, the Company notes that:

- (a) leads and opportunities in the pipeline with existing channel partners may fail to materialise into actual sales;
- (b) whilst a number of potential parties have been identified as new channel partners there is no guarantee that any of these opportunities will lead to a formal commercial relationship being formed;
- (c) whilst a number of direct sales opportunities have been identified, there is no guarantee that any of these opportunities will lead to a formal commercial relationship being formed;
- (d) plans to enhance the RippleDown product may not lead to an increase in revenue;
- (e) if the Company was to make selective acquisitions to add technology capability and/or customers, there is no guarantee that the acquisitions will be successful in creating synergies or improving the Company's financial performance in the future.

The Company has achieved revenue in multiple jurisdictions. However, there is no guarantee that the Company will be able to retain or continue to enhance its revenue in those jurisdictions. The Company's international growth plans may be inhibited by unforeseen issues particular to a territory and may be subject to various risks. These include the need to invest significant resources and management attention into the international expansion and the possibility that the desired level of return of its international business will not be achieved.

Reliance on Key and Skilled Personnel

The responsibility of overseeing the day to day operations and the strategic management of the Company is substantially dependent upon the Company's management and key personnel. The loss of the services of senior management personnel without suitable replacements or the inability to attract and retain qualified personnel could adversely affect performance.

Regulatory and Overseas Operations Risk

As set out in Section 3, PKS is a global business and the Company's existing and target customers are located in a number of countries, with the Company generating significant revenue from offshore customers. Each offshore region and country will have their unique set of laws and regulations which govern the use of and deployment of the services offered by the Company and handling of personal and/or sensitive information, which could reasonably be expected to vary over time.

Government regulations may change in any or all of the existing and target territories, which could make the Company delay, or prevent, its products being installed and used in the territories in the future. New or varied laws and regulations may also affect all or some of the strategies and initiatives to drive growth in revenue and earnings in future years.

As a global business, the Company's operations will also be subject to a number of risks inherent in global operations including political and economic instability in foreign markets, inconsistent regulations by foreign governments and costs associated with compliance with these laws and regulations. If the Company is unable to adapt to or effectively respond to such challenges, this may have a materially adverse effect on the Company's business model and financial performance.

In addition, the Company will be exposed to a range of multijurisdictional risks in any territory within which it has established (or may choose to establish) operations from time to time, such as risks relating to labour practices, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities), tariffs, trade barriers and other issues in foreign jurisdictions in which the Company may operate.

New Technology and Competitor Risk

The Global Healthcare IT Solutions market in which the Company participates is a competitive global market characterised by increasing financial pressures (on the public and private health systems), rapid technological changes to the types of services provided, and a movement away from low-value healthcare solutions.

The Company will be expected to continue to provide a standard of service that seamlessly collaborates and operates with other data sources and devices. Competition to PKS products could emerge in the form of new and emerging technologies, improvement of existing competitor product offerings and price reductions from existing comparative technologies. Large, well-established and well-funded corporations may be able to adopt aggressive marketing strategies, and fast moving, early-stage start-up companies which develop innovative and better solutions may adversely impact upon the Company's business. In doing so competitors may gain market acceptance, and hence place downward pressure on pricing in the industry, which may adversely affect the Company's business and its financial performance.

If the Company's competitors introduce new products with greater capabilities or better pricing, this could have a materially adverse effect on the Company's business.

Data Management and Security Risk

PKS products are delivering solutions to tackle the increasing global need for better patient outcomes and more efficient delivery of healthcare services. As the need increases, this has created challenges in the Global Healthcare IT market for various stakeholders, who must collect, analyse and store an increasing amount of data. PKS products also collect, analyse and store data, which involves security and privacy risks associated with handling personal information. Whilst PKS relies on a variety of security measures implemented by both the Company and its customers, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography and other developments may result in the Company's software failing to or being unable to adequately protect its sensitive information. The preventative measures which the Company takes in safeguarding its software and data may also become more costly in the future.

Intellectual Property

There is a risk that the Company may be unable to detect the unauthorised use of its intellectual property in all instances. Further, actions taken by the Company to protect its intellectual property may not be adequate or enforceable and therefore may not prevent the misappropriation of intellectual property and proprietary information. Breach of

the Company's intellectual property may result in the need for the Company to commence legal action, such as infringement or administrative proceedings which could be costly, time consuming and potentially difficult to enforce in certain jurisdictions and may ultimately prove unfavourable to the Company. The Company's failure to protect its intellectual property rights could have an adverse impact on the Company's operations and financial performance.

Customer Service Risk

The Company's business model is based on recurring revenue arising from the provision of software. Whilst historically this has not been an issue for PKS, poor experiences in the future may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company's products or services. If any of these occur, it may adversely impact the Company's revenue, profits and credibility in the marketplace.

Reliability and Operational Risk

The Company relies on the performance and availability of its own software and also third-party software and their connectivity. The ongoing performance of the software (PKS software and third-party software) is key to the Company's ability to generate revenue. Any failure or unscheduled down-time of either the software or the technology that underpins the Company's service could result in the Company being unable to meet contractual and service level obligations, unauthorised system use, data integrity issues or data loss, integration issues with other systems or third parties and increased costs.

The Company seeks to mitigate the potential impact of technology failures or interruptions to its availability by following industry best-practice procedures and having established business continuity. However, there is still a risk that a system failure may result in loss of existing customers or failure to attract new customers. In addition, there is a risk in certain conditions and environments the Company's software technologies may be less reliable, or operate at a reduced functionality, or may not work to the standard expected. This would apply even more pressure on the Company's future financial performance as the offerings of competitors gain more traction with customers.

Foreign Exchange Risk

As a business with global customers, the Company operates in several jurisdictions and transactions will be denominated in local currencies. Currency fluctuations will affect the value of those transactions when converted to Australian dollars, which over periods of time could adversely impact the Company's financial performance.

Contractual and Acquisition Risk – Share Purchase Agreement

Pursuant to the SPA, the key terms of which are summarised in Section 9.4, the Company has agreed to acquire 100% of the issued capital of DPP subject to the fulfilment of certain conditions. There is a risk that the SPA conditions cannot be fulfilled and, in turn, the Acquisition is not completed.

If the Acquisition is not completed, the Offers and listing of the Company will not proceed, and funds will be returned in accordance with the Corporations Act.

There are execution, due diligence and liability risks associated with the Acquisition. The SPA contains obligations on the parties and conditions which, if not complied with or satisfied, could delay or prevent the Acquisition from completing.

The Company has performed due diligence in respect of the Acquisition and sought certain warranty and indemnity protections under the SPA. However, the Company may also suffer loss or damage flowing from historical events and operations of the business acquired, which the Company may be unable to recover from the vendors under the terms of the SPA.

DPP Vendors Sell-Down Risk

As outlined in Section 9.4, as part of the Acquisition, the Company will acquire 100% of DPP for the Purchase Price, which will comprise 100% of cash. As the consideration will not comprise of any Shares, DPP Vendors will not be Shareholders of the Company following completion of the Acquisition and admission to ASX. Given the nature and structure of the sell-down, Potential Applicants may view this as a risk of investing in the Company (which will own 100% of DPP at completion of the Acquisition) as the interests of the DPP Vendors (existing shareholders of DPP) will not be aligned with Shareholders of the Company following completion of the Acquisition and admission to ASX.

5.2 General Risks

Price of Shares

The price at which the Company's Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Issue Price. There is no assurance that the price of the Shares will increase following the quotation on ASX. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Some of the factors which may affect the price of the Shares include fluctuations in domestic and international markets for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or

regulatory policies, legislation or regulation, including in or removal from market indices, the nature of the markets in which the Company operates and general operational and business risks.

Future Profitability or Dividends Are Not Assured

No assurance as to future profitability or dividends can be given and these are dependent on future earnings and working capital requirements of the Company. Potential Applicants should note that there can be no guarantees with respect to the payment of dividends and return of capital.

Liquidity and Realisation

There is no guarantee that an active market for the Company's Shares will develop once the Shares are quoted on the ASX. There may also be relatively few potential buyers or sellers of the Shares on ASX or otherwise at any time which may increase the volatility of the market price of the Shares.

Change in Strategy

The Company's strategy may evolve over time due to a review and assessment of, among other things, market trends, technical challenges, changes in regulations, the level of market acceptance in particular jurisdictions or markets and the emergence of new or improved technology. As a result, the future strategies, approaches, markets, products and plans of the Company may not reflect the strategies, approaches, markets, products and plans set out in this Prospectus.

Future Funding

The existing working capital and the issue proceeds of the Public Offer and the Invitation Offer may not be sufficient to fully fund the estimated costs of implementing the Company's growth plans. Additional debt or equity to fund such growth plans may be required.

Economic and Market Risks

The financial performance and value of the Company may be influenced by various economic factors such as inflation, interest rates, domestic and international economic growth, taxation policies, legislative change, fiscal stability, stock market conditions in Australia and elsewhere, changes in investor sentiment towards particular market sectors, exchange rate fluctuations and acts of terrorism.

As the global healthcare IT industry and the broader healthcare industry are global markets, different economic and market-based conditions (and other factors outside of the Company's control) could have an impact on the Company's target market and the demand for its products and services. Periods of subdued economic growth, government investment and other political or geopolitical conditions or circumstances

may constrain the Company's ability to increase its customer base both in Australia and internationally.

Taxation Changes

Changes to the tax laws in Australia and the other jurisdictions in which the Company operates (or plans to operate) and the rate of taxes imposed on the Company may affect Shareholder returns.

Insurance Risks

The Company will face various risks in connection with its business and may lack adequate insurance coverage, or may not have the relevant insurance coverage. The Company maintains and will maintain insurance coverage that it considers appropriate for its business needs. However, if the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position may be materially adversely affected.

Litigation Risks

The Company may be subject to litigation and other claims and disputes in the course of its business, including contractual disputes with customers, suppliers or channel partners, employment disputes, indemnity claims, and occupational and other claims. There is a risk that such litigation, claims and disputes could materially adversely affect the Company's operating and financial performance due to the costs of defending and/or settling such claims, and affect the Company's reputation and credibility in the marketplace. The Company is currently not engaged in any litigation.

Force Majeure Events

Events such as terrorism, an outbreak of international hostilities or natural disasters may occur within or outside the jurisdictions in which the Company operates, which could impact the Company's global operations and the price of the Company's Shares. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of diseases or other natural or man-made events or occurrences that can have an adverse impact on the Company's business, financial position and price of its Shares.





Key Individuals, Interests and Benefits

On admission to the official list of ASX, it is proposed that the Board will consist of Ronald Van der Pluijm, Mike Hill, Andrew Gray, Neil Broekhuizen and Paul Williams.

The current Directors of the Company (with the exception of Mike Hill) will resign upon the Company's admission to the Official List and Andrew Bursill will be Company Secretary.

6.1 Current Directors

Mike Hill

Mike has more than 20 years' experience working on corporate and private equity transactions in Australia and the UK. Mike is a former Partner of Ernst & Young in the M&A advisory team and has also worked as a principal investor with Ironbridge Capital from 2004 to 2014. At Ironbridge Capital he was involved with the Ironbridge Healthcare investments in Affinity Hospitals, a network of 54 private hospitals later sold to Ramsay Healthcare and Healthscope, and the roll-up investment in a number of IVF businesses to create Monash IVF Limited. Mike is a founder of Bombora Investment Management, an investment and advisory group based in Sydney. He is a member of the Institute of Chartered Accountants in Australia. Mike has an interest in the Company as outlined in Section 6.5.

Joshua May

Joshua is a Chartered Accountant and transaction advisory specialist, with over 20 years' experience in Corporate Finance. He is a founder of Bombora Investment Management, an investment and advisory group based in Sydney. Joshua has broad corporate advisory experience gained over many years and through various economic cycles. Transaction themes have included M&A, private equity, entrepreneurial clients seeking growth capital, succession planning for large established private businesses, and sale of non-core assets for large corporations. His industry experience is broad across healthcare, construction related products and services, mining, food, consumer and retail industries. Joshua has an interest in the Company as outlined in Section 6.5.

Gregg Taylor

Gregg has 20 years of international business experience in financial markets, technology, sports administration, media and retail. Gregg is a founder of Bombora Investment Management, an investment and advisory group based in Sydney and is currently serving on the Board of Cronulla Sharks Rugby League Football Club and Cronulla Sharks Leagues Club. Gregg has founded and managed multiple global operating businesses in sports, retail and media sectors. Gregg has a Bachelor of Commerce Degree from University of Wollongong and was a CFA Charter holder. Gregg has an interest in the Company as outlined in Section 6.5.

David Willington

David has over 25 years' experience in corporate finance and investment banking and during his career has primarily advised companies in the technology, media and telecommunications industry. David is a founder of Bombora Investment Management, an investment and advisory group based in Sydney. Previously, David was a Partner at Deloitte Corporate Finance and prior to that was an investment banker with N M Rothschild & Sons and Citigroup. David has a Bachelor of Commerce, is a member of the Institute of Chartered Accountants in Australia and is a Fellow of the Financial Services Institute of Australia. David has an interest in the Company as outlined in Section 6.5.

6.2 Proposed Chairman and Directors

The following table provides information regarding the proposed Chairman and Directors of the Company:

Name	Position	Independent ^(a)
Mike Hill	Non-Executive Director and Chairman	Yes
Ronald Van der Pluijm	Managing Director and Chief Executive Officer	No
Andrew Gray	Non-Executive Director	Yes
Neil Broekhuizen	Non-Executive Director	Yes
Paul Williams	Non-Executive Director	Yes

Notes

(a) The Company has assessed the independence of its Directors having regard to the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.

Each Director has confirmed to the Company that they anticipate being available to perform their duties as Non-Executive or Executive Directors (as the case may be) without constraints from other commitments.



Mike Hill

Non-Executive Director and Chairman

See Section 6.1.



Ronald Van der Pluijm

Managing Director and Chief Executive Officer

Ron is recognised as a highly adaptable and energetic commercial leader with a very successful track record in start-up, turnaround, multinational and ASX listed corporate environments

focusing on the life science industry. He has a successful track record in building and growing operational companies through business development, partnerships and licensing and M&A resulting in strong sales and profit growth. As CEO Australia / New Zealand at Actavis (now Allergan) he successfully turned the business around and put it on a path to growth. He was part of the ASX listed Psiron team (subsequently renamed to Viralytics) which acquired the oncolytic immunotherapy which was acquired by MSD in 2018 for \$500 million.



Andrew Gray

Non-Executive Director

Andrew Gray is the Managing Director of Potentia, a technology-focused investment firm. Prior to founding Potentia, Andrew was a Managing Director at Archer Capital, an Australian based private equity firm with more than \$3 billion

in capital under management. While at Archer Capital, Andrew led the firm's largest investment into software business MYOB (its largest ever return to investors). Prior to joining Archer Capital, Andrew was a partner with Francisco Partners, a technology-focused global private equity firm with over US\$6 billion in capital under management. Andrew has an interest in the Company as outlined in Section 6.5.



Neil Broekhuizen

Non-Executive Director

Neil is the Joint Chief Executive Officer of Ironbridge Capital. Neil has 25 years of private equity experience with Investcorp and Bridgepoint in Europe, and with Ironbridge in Asia. Neil has extensive healthcare and technology

investing experience and currently sits on the ASX listed Boards of Bravura Solutions Ltd (BVS) and Monash IVF (MVF). Neil has a BSC (Eng) Honours degree from Imperial College, University of London and is an ACA. Neil has an interest in the Company as outlined in Section 6.5.



Paul Williams

Non-Executive Director

Paul has a proven history of ICT managerial performance across the health, transport, logistics and resources industries, most recently as Chief Information Officer at Healthscope Ltd where he was responsible for all ICT activities at Australia's largest provider of integrated healthcare, covering 44 private hospitals across Australia, national and international pathology services and 50 medical centres. He has extensive experience in delivering innovation, change and reform within large and complex businesses. Prior to Healthscope, Paul was the Head of Information Services at the National E-Health Transition Authority and National IT Manager, Pathology for Mayne/Symbion/Primary. Paul has an interest in the Company as outlined in Section 6.5.

6.3 Executive Team

As at the date of the Prospectus, the Company's executive team will comprise:

Name	Position
Ronald Van der Pluijm	Chief Executive Officer
Michael Reakes	General Manager
Lindsay Peters	Chief Technical Officer
Andrew Bursill	Chief Financial Officer and Company Secretary
Evan Simmons	Product Manager
Clare Kelleher	Service Manager

Ronald Van der Pluijm

Chief Executive Officer

Refer to Section 6.2.

Michael Reakes

General Manager

Michael Reakes has been with PKS since May 2015. Previously he was a director at NSI Technology and Project Manager at IBM. Michael has experience in software development, IT strategy, integration and project delivery. His skill-set encompasses enterprise architecture, people management and market and customer engagement.

Lindsay Peters

Chief Technical Officer

Lindsay Peters has been with PKS since September 1999. Prior to PKS, he was a Director of Pacific Rim Systems, Software Manager at Global Tracking Systems and Software Manager at Siemens Plessey Defence Systems. Lindsay has high-level skills in software development, artificial intelligence and system architecture.

Andrew Bursill

Chief Financial Officer and Company Secretary

Andrew is an Executive Director of the Automic Group, a specialist, integrated professional services firm for ASX listed entities. Andrew has 20 years' experience in Company Secretarial and CFO activities with ASX Listed entities in a range of industries covering technology, medical devices and venture capital. Andrew holds a Bachelor of Agricultural Economics from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia and New Zealand.

Evan Simmons

Product Manager

Evan Simmons has been with PKS since May 2013. Prior to PKS, he held a number of roles at Roche Diagnostics Australia including Lab IT Support Supervisor, Product Specialist Clinical Chemistry and Applications Specialist. Evan has high-level skills across hardware diagnostics, laboratory information systems and laboratory automation.

Clare Kelleher

Service Manager

Clare has been with PKS since November 2015. Prior to PKS, she was Practice Leader Managed & Hosted Services at Objective Corporation. Clare has high-level skills across IT service management, business process improvement and ISO compliance.

6.4 Corporate Governance

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below.

The Company has adopted the Principles of Corporate Governance and Recommendations (Third Edition) published by ASX Corporate Governance Council unless disclosed below.

As the Company's activities develop in size, nature and scope following admission to the Official List, the size of the Board and the implementation of additional governance structures will be given further consideration.

Role of the Board

The Board is responsible for the following principal matters:

- (a) the strategic direction of the Company;
- (b) overseeing, negotiating and implementing the significant capital investments and material transactions entered into by the Company;
- (c) management goals and the Company's policies;
- (d) monitoring and reviewing the financial and operational performance of the Company;
- (e) risk management strategy and review; and
- (f) future expansion of the Company's business activities.

The Board has adopted a Board Charter which sets out its responsibilities, processes and duties in greater detail.

Composition of the Board

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- (a) the Board shall comprise at least three Directors, increasing where additional expertise is considered desirable in certain areas;
- (b) the Board shall not comprise a majority of executive Directors; and
- (c) Directors shall bring characteristics that allow a mix of qualifications, skills and experience.

While there is currently no formal review process in place, the performance of all Directors will be informally reviewed by the Chairman in order to ensure that the Board continues to discharge its responsibilities in an appropriate manner. Directors whose performance is unsatisfactory may be asked to retire. This review process may change following admission to the Official List.

The Board currently comprises four Directors, and on admission to the Official List will comprise five Directors. The skills, experience and expertise relevant to the position of each Director who is in office at the date of this Prospectus is detailed in Section 6.1.

Following admission to the Official List, the structure of non-executive Directors' remuneration will be clearly distinguished from that of executive Directors and senior executives.

Performance Evaluation and Communication to Shareholders

The Board aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of all Directors. Information is communicated to the Shareholders through:

- (a) the Annual Report, which is distributed to all Shareholders and posted on the ASX website asx.com.au;
- (b) the half-yearly report, which is posted on the ASX website asx.com.au;
- (c) the Annual General Meeting and other meetings called to obtain approval for Board action as appropriate;
- (d) the Company's compliance with ASX continuous disclosure requirements; and
- (e) all public announcements and associated documents, which are made available on the Company website at www.pks.com.au.

Role of Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting the consolidated entity's state of affairs.

- (a) Proposed major changes in the consolidated entity that may impact on share ownership rights are submitted to a vote of Shareholders.

- (b) Notices of all meetings of Shareholders are made available to Shareholders.
- (c) The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the Shareholders as single resolutions.
- (d) The Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares and changes to the Constitution. Copies of the Constitution are available to any Shareholder who requests it.
- (e) The Company's auditor will be invited to attend the Annual General Meeting and will be made available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Corporate Governance Policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and is available on the website at www.pks.com.au.

- (a) **Board Charter** – this charter sets out the responsibilities of the Board, and its processes and duties in greater detail.
- (b) **Code of Conduct** – this policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers and employees.
- (c) **Continuous Disclosure Policy** – this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations.
- (d) **Securities Trading Policy** – this policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to

provide guidance on avoiding any breach of the insider trading laws.

- (e) **Nomination and Remuneration Committee Charter** – this charter sets out criteria for Board membership and establishes processes for the review of the performance of Directors, and sets out the role of the committee to assist in establishing processes for the review of the performance of Directors.
- (f) **Shareholder Communication Policy** – this policy sets out practices which the Company will implement to ensure effective communication with its Shareholders.
- (g) **Audit and Risk Committee Charter** – this charter sets out the role of the Audit and Risk Committee in assisting the Board to fulfil its corporate governance and oversight responsibilities, as well as ensuring the effectiveness of the Company's risk management framework.
- (h) **Diversity Policy** – this policy sets out the Company's objectives for achieving diversity amongst its board, management and employees.
- (i) **Privacy Policy (Shareholders)** – this policy guides the usage of all personal information which the Company collects from shareholders, and outlines their rights with respect to personal information.
- (j) **Risk Management Policy** – this policy is designed to assist the Company to identify, assess, monitor and manage risks affecting the Company's business.

ASX Corporate Governance Principles

The Board is committed to complying with the principles of best practice in corporate governance and intends to establish controls, mechanisms and structures to ensure that the Company will be able to comply with as many of the ASX Corporate Governance Principles as the Board considers practicable taking into account the size of the Company and its stage of development.

Summary of Company's Position in Relation to ASX Corporate Governance Principles

The Board has evaluated the Company's current corporate governance policies in light of the ASX Corporate Governance Principles. A brief summary of the approach to be adopted by the Company is set out below.

ASX Corporate Governance Principles

Company's Position

Principle 1 – Lay solid foundations for management and oversight

The Board's responsibilities are described in detail in the Board Charter.

The Company has also established a clear delineation between the Chairman's responsibility for the Company's strategy and activities, and the day-to-day management of operations conferred upon certain other officers of the Company.

ASX Corporate Governance Principles**Company's Position**

Principle 2 – Structure the Board to add value	<p>The Board comprises of five Directors, being Mike Hill, Ronald Van der Pluijm, Andrew Gray, Neil Broekhuizen and Paul Williams. The Board will be comprised of a majority of independent Directors.</p> <p>As the Company has only been recently incorporated, it has not yet undertaken a formal review of the Board's performance.</p>
Principle 3 – Promote ethical and responsible decision making	The Company has adopted a Code of Conduct, Diversity Policy and a Securities Trading Policy.
Principle 4 – Safeguard integrity in financial reporting	The Company has constituted an Audit and Risk Committee to oversee the management of financial and internal risks.
Principle 5 – Make timely and balanced disclosure	The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy.
Principle 6 – Respect the rights of shareholders	The Company has adopted a Communications Policy for Shareholders. All Shareholders are invited to attend the Company's annual general meeting, either in person or by representative. The Board regards the annual general meeting as an excellent forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors.
Principle 7 – Recognise and manage risk	The Company has established an Audit and Risk Committee to fulfil its corporate governance and oversight responsibilities in relation to the Company's financial reports, financial reporting process and internal control structure, risk management systems (financial and non-financial) and the internal and external audit process (as applicable).
Principle 8 – Remunerate fairly and responsibly	The Company has constituted a Nomination and Remuneration Committee. In addition, the Company will provide disclosure of its Directors and executives' remuneration in its annual report.

6.5 Interests of Current and Proposed Directors

Director Disclosures

No Director of the Company has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director of the Company or which is relevant to an investor's decision as to whether to subscribe for Securities.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12-month period after they ceased to be an officer.

Shareholding Qualifications

Directors are not required to hold any Shares under the Constitution.

Directors' Interests

At the date of this Prospectus, none of the current Directors (and their controlled entities) hold Shares in the Company.

Under the Invitation Offer, Mike Hill will subscribe for 1,250,000 New Shares (\$250,000), Ronald Van der Pluijm will subscribe for 250,000 New Shares (\$50,000), Andrew Gray will subscribe for 1,250,000 New Shares (\$250,000), Neil Broekhuizen will subscribe for 1,250,000 New Shares (\$250,000) and Paul Williams will subscribe for 250,000 New Shares (\$50,000).

The table below shows the interest of each proposed Director (and their controlled entities) in the Shares of the Company immediately after admission to the Official List.

Proposed Directors (and their controlled entities)	Shares*	Proportion
Mike Hill	1,250,000	1.10%
Ronald Van der Pluijm	250,000	0.22%
Andrew Gray	1,350,000	1.19%
Neil Broekhuizen	1,300,000	1.14%
Paul Williams	250,000	0.22%
TOTAL	4,400,000	3.87%

* Includes Shares held prior to admission on the Official List.

All numbers in the above tables assume that the 10 for 1 Consolidation has taken place (see Section 7.2).

Directors' Remuneration

Since incorporation of the Company and up to the date of this Prospectus, the current Directors have received remuneration as set out in the following table.

Current Directors	Fees and remuneration paid
Mike Hill	\$20,000 – \$50,000 per annum
Joshua May	\$20,000 – \$50,000 per annum
Gregg Taylor	\$20,000 – \$50,000 per annum
David Willington	\$20,000 – \$50,000 per annum

* fees increased from \$20,000 p.a. to \$50,000 p.a. on 5 October 2018.

On the date of the Company's admission to the Official List, the current Directors will be replaced by the proposed Directors.

Proposed Directors	Fees and remuneration to be paid
Mike Hill	\$80,000 per annum
Ronald Van der Pluijm	\$320,000 per annum [^]
Andrew Gray	\$60,000 per annum
Neil Broekhuizen	\$60,000 per annum
Paul Williams	\$60,000 per annum

[^] Please refer to Section 6.6 for a description of Mr Van der Pluijm's employment agreement.

The Board is responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisors as required. Each Director must bring an independent view and judgment to the Board and must declare all actual or potential conflicts of interest. Any issue concerning a Director's ability to properly act as a director will be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest. Please refer to Section 7 for details of employment arrangements and entitlements.

Under the Company's Constitution, each Director may be paid remuneration for ordinary services performed as a Director.

Under the ASX Listing Rules, the maximum fees payable to non-executive directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

Directors may be eligible to participate in the Company's proposed new LTIP. For further details on the LTIP, refer to Section 7.21.

Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director:

- (a) has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or in the Public Offer; and
- (b) has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Public Offer.

Directors interests in Securities of the Company

The interests of the New Board following listing are below.

Proposed Directors (and their controlled entities)	Securities*	% (undiluted)	% (fully diluted)
Mike Hill	1,250,000 Shares	1.10%	0.95%
Ronald Van der Pluijm	250,000 Shares 800,000 New Options 800,000 Performance Rights	0.22%	1.41%
Andrew Gray	1,350,000 Shares 750,000 New Options 2,000,000 Performance Rights	1.19%	3.12%
Neil Broekhuizen	1,300,000 Shares 750,000 New Options 2,000,000 Performance Rights	1.14%	3.08%
Paul Williams	250,000 Shares 150,000 New Options 400,000 Performance Rights	0.22%	0.61%
Sub-total	4,400,000 Shares 2,450,000 New Options 5,200,000 Performance Rights	3.87%	9.17%

* includes Shares held prior to admission on the Official List.

All numbers in the above tables assume that the 10 for 1 Consolidation has taken place (see Section 7.2).

Indemnification of Directors and Officers

The Company has entered into deeds of indemnity, access and insurance with each Director.

Under these deeds, the Company will indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. These liabilities will include losses or liabilities incurred by the Director to any other person as an officer of the Company, including legal expenses. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

6.6 Employment Agreement – Ron Van der Pluijm

Mr Van der Pluijm has signed a new employment contract which will take effect from the date of completion of the Acquisition. Mr Van der Pluijm's base remuneration package will be \$320,000 p.a. (inclusive of mandatory superannuation contributions) and he may be entitled to an annual bonus equal to 50% (gross) of total remuneration at the discretion of the Board and subject to achieving certain milestones based on full year financials of the Company which are to be agreed between Mr Van der Pluijm and the Board. The bonus is to be paid half in cash and half in Shares (subject to any applicable shareholders' approval). The number of Shares to be issued will be calculated with reference to the 30-day VWAP immediately prior to the date of the issue.

Under the terms of Mr Van der Pluijm's employment contract, either party is entitled to terminate Mr Van der Pluijm's employment by giving three (3) months' written notice. The Company may, at its election, make a payment in lieu of that notice based on Mr Van der Pluijm's base remuneration package.

Mr Van der Pluijm is eligible to participate in the Company's proposed new LTIP. For further details on the LTIP refer to Section 7.21.

6.7 Interest held by Bombora Investment Management Pty Ltd

As of the date of this Prospectus, Bombora Investment Management Pty Ltd (ACN 625 413 390) (**BIM**) ACF Bombora Special Investments Growth Fund (**BSIG Fund**) (collectively **Bombora**) is a substantial shareholder of the Company. At completion of the Offer and Acquisition, as set out in Section 7.23, it is projected that Bombora will continue to be a substantial shareholder of the Company.

As of the date of this Prospectus, Mike Hill, Joshua May, Gregg Taylor and David Willington are each directors and shareholders of BIM and unit holders of the BSIG Fund.

6.8 Interests and Fees of Professionals

Other than as set out below or as otherwise disclosed in this Prospectus, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- (a) has or had at any time during the two years preceding the date of this Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Public Offer and the Invitation Offer; or

- (b) has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Public Offer or the Invitation Offer.

HLB Mann Judd Corporate (NSW) Pty Ltd has acted as the Investigating Accountant in relation to the Prospectus and provided the Investigating Accountant's Report in Section 8. The Company has paid or has agreed to pay an amount of approximately \$56,000 in respect of those services (plus disbursements and GST). HLB Mann Judd Assurance (NSW) Pty Ltd, an entity related to HLB Mann Judd Corporate (NSW) Pty Ltd has provided assurance services to DPP and the Company, for which it received normal time-based charges.

HLB Mann Judd Assurance (NSW) Pty Ltd has been appointed the Company's auditor. The Company has paid or agreed to pay an amount of approximately \$59,000 (plus disbursements and GST) in respect of those services.

Automic Legal Pty Ltd has acted as the Australian legal advisor to the Company in relation to the Public Offer and the Invitation Offer. The Company has paid or agreed to pay an amount of approximately \$350,000 (plus disbursements and GST) up to the date of this Prospectus in respect of these services. Further amounts may be paid to Automic Legal Pty Ltd in accordance with its normal time-based charges.

Andrew Bursill, on behalf of Automic Pty Ltd, provides company secretarial and chief financial officer services to the Company. The Company has agreed to pay an amount of \$12,000 per month (plus disbursements and GST) in respect of these services. Further amounts may be paid to Automic Pty Ltd in accordance with its normal time-based charges.

Paul Williams was paid \$10,000 (plus disbursements) to undertake an independent technology review of PKS as part of the due diligence conducted by the existing Directors of the Company.

The Company will pay these amounts and other expenses of the Public Offer and the Invitation Offer out of funds raised under the Public Offer and the Invitation Offer or available cash. Further information on the use of proceeds and payment of the expenses of the Public Offer and the Invitation Offer is set out in Section 6.10.

6.9 Related party interests

Other than as set out below or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest:

- (a) the compensation arrangements with Directors and executive officers, which are described in Sections 6.5;
- (b) the indemnification arrangements with the Directors, which are described in this Section 6.5; and
- (c) the interests of Directors in the Company's securities, which are described in Section 6.5.

6.10 Expenses of the Offer

The Company has paid or will pay all of the costs associated with the Offers. If the Offers proceed, the total estimated cash expenses in connection with the Offers will comprise the following:

Expenses	Amount (\$'000)	Amount (Over-subscription) (\$'000)
Legal Fees	385	385
Investigating Accountant's Fees	56	56
ASX Fees	94	96
ASX Annual Listing Fees	7	7
ASIC Fees	3	3
Brokerage Fees	1,102	1,234
Other	55	55
Total	1,701	1,836

6.11 Restricted Security and Escrow Arrangements

There is no ASX imposed escrow as the combined entities have a track record of profitability when consolidated.

Members of the New Board have agreed to voluntarily escrow a minimum of 50% of all Shares held by them upon the Company's admission to the Official List for a period of two years.

Bombora Investment Management Pty Ltd has agreed to voluntarily escrow a minimum of 50% of all Shares held by the Bombora Special Investments Growth Fund upon the Company's admission to the Official List for a period of two years.

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Details of the Offers

7.1 Conditional Offers on a post-Consolidation basis

Completion of the Offers is conditional upon:

- (a) Shareholders approving all Resolutions at the EGM;
- (b) a minimum of \$19,500,000 being raised under the Public Offer and the Invitation Offer; and
- (c) other than the issue of Shares under the Public Offer and Invitation Offer, the Company being in a position to complete the Acquisition.

Accordingly, this Prospectus has been prepared on the basis that the Consolidation (Resolution 1 of the NOM) has been completed by the Company.

In the event that the conditions above are not satisfied and/or waived, the Offers will not proceed, and no Shares will be issued under this Prospectus. If this occurs, all Application Monies received will be refunded (without interest) in accordance with the Corporations Act.

7.2 Shareholders' approval

At the EGM, Shareholders will be asked to approve the following resolutions which relate to the Offers:

- (a) consolidation of the Company's existing share capital on a 10 for 1 basis;
- (b) appointments of Ronald Van der Pluijm, Andrew Gray, Neil Broekhuizen and Paul Williams to the board as directors (as part of the New Board);
- (c) change of the Company's name from "Qpro Holdings Limited" to "PKS Holdings Limited";
- (d) adoption of an employee incentive scheme entitled the "Long Term Incentive Plan"; and
- (e) approval for issue of Options and Performance Rights to Ronald Van der Pluijm, Andrew Gray, Neil Broekhuizen and Paul Williams as detailed in Section 6.5.

7.3 The Offers

Under this Prospectus, the following Offers are being made by the Company:

- (a) **Public Offer** – the offer of 80,650,000 New Shares at an issue price of \$0.20 per New Share to investors to raise \$16,130,000;
- (b) **Invitation Offer** – the offer of 16,850,000 New Shares at an issue price of \$0.20 per New Shares to investors invited by the Board of the Company to raise \$3,370,000. Firm commitments have been received for the Invitation Offer; and
- (c) **Advisor Offer** – the offer of 4,450,000 New Options and 6,000,000 Performance Rights to members of the New Board, management and employees of the Company.

The amount to be raised under the Public Offer and the Invitation Offer is \$19,500,000 before costs. The Company reserves the right to accept Oversubscriptions up to \$2,000,000. Therefore the maximum amount that may be raised under this Prospectus is \$21,500,000 before costs.

The Company reserves the right to close the Public Offer and/or the Invitation Offer early, to accept late Applications or extend any of the Offers without notifying any recipient of this Prospectus or any Applicant.

7.4 Application for Listing

The Company will apply to ASX no later than seven (7) days from the date of this Prospectus for its Shares to be granted admission to trading on the Official List of ASX.

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

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

If permission for quotation of the Shares is not granted within three months after the date of this Prospectus, all Application Monies received by the Company will be dealt with in accordance with the requirements of the Corporations Act.

7.5 Purpose of the Offers

The purpose of the Public Offer and the Invitation Offer is to raise capital to fund the purchase of DPP, meet the expenses of the Offers and to fund the working capital requirements of the Company.

All New Shares offered under the Public Offer and the Invitation Offer will be fully paid ordinary shares and will rank equally in all respects with all other Shares on issue at the date of this Prospectus.

The minimum amount to be raised under the Public Offer and the Invitation Offer is \$19,500,000 (before costs). Since the Company reserves the right to accept Oversubscriptions up to \$2,000,000, the maximum amount that may be raised under this Prospectus is \$21,500,000 before costs.

7.6 Use of Funds

The funds raised under the Public Offer and the Invitation Offer will be used as follows:

Use of Funds	Amount	Amount (based on Over- subscription)
Purchase consideration	\$15.5 million	\$15.5 million
Working capital	\$2.3 million	\$4.2 million
Offer expenses	\$1.7 million	\$1.8 million
TOTAL	\$19.5 million	\$21.5 million

7.7 Shareholding Structure

The following table sets out the expected shareholding structure on completion of the Offers.

	Number of Shares	Amount (based on Over- subscription)
Number of Shares on issue at the date of this Prospectus	16,400,000	16,400,000
Number of New Shares offered under the Public Offer and the Invitation Offer	97,500,000	107,500,000
TOTAL SHARES ON ISSUE FOLLOWING COMPLETION OF THE OFFERS	113,900,000	123,900,000

7.8 How do I Apply under the Public Offer?

Who is eligible to participate in the Public Offer?

Who can apply for New Shares under the Public Offer?

The Public Offer will be open to clients of the Joint Lead Managers, other Brokers and investors with registered addresses in Australia and other investors to whom it is lawful to make an offer to pursuant to this Prospectus. This will include both Institutional and Retail Applicants.

Completing and returning your Application under the Public Offer

What is the minimum and maximum application under the Public Offer?	Applications for New Shares must be for a minimum of 10,000 New Shares (value of at least \$2,000.00). There is no maximum amount that Applicants can apply for.
How do I apply under the Public Offer?	<p>Applications for New Shares under the Public Offer must be made using the Application Form attached to this Prospectus or as instructed by the Joint Lead Managers in respect of Institutional Applicants and its clients.</p> <p>The Application Form attached to this Prospectus contains detailed instructions on how the form for the Public Offer can be completed. Please read the instructions on the Application Form carefully before completing it.</p> <p>An original, completed and lodged Application Form, together with a cheque or electronic funds transfer for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of New Shares specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Board's decision as to whether to treat such an Application as valid and how to construe, amend or complete the Application Form is final; however, an Applicant will not be treated as having applied for more New Shares than is indicated by the amount of the cheque or electronic funds transfer.</p>
How to complete and attach your cheque for the Application Monies?	Follow the instructions on the Application Form or pay as instructed by the Joint Lead Managers.
How to pay Application Monies by electronic funds transfer?	Follow the instructions on the Application Form or pay as instructed by the Joint Lead Managers.

Fees, costs and timing for Applications

When does the Public Offer open?	The Opening Date for acceptance of Applications under the Public Offer is 3 May 2019.
What is the deadline to submit an Application under the Public Offer?	Completed Application Forms and accompanying payment of the Application Monies must be received by the Company before 5.00pm (AEST time) on 27 May 2019 (this day may be extended at the Company's discretion).
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission, stamp duty or other costs are payable by Applicants to the Company.

Confirmation of your Application and trading on ASX

When will I receive confirmation of whether my Application has been successful?	<p>For Applicants whose Applications are accepted by the Company, in whole or in part, the Company will issue New Shares and dispatch either a CHESS statement or an issuer sponsored holding statement (whichever applicable) to the Applicants as soon as practicable after the Closing Date together with any excess Application Monies.</p> <p>It is the responsibility of all Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell any of the New Shares before receiving their holding statements do so at their own risk.</p>
When will I receive my New Shares and when can I trade in my New Shares?	Applicants will receive their New Shares as soon as practicable after the Closing Date and will be able to trade once the Company is listed on the ASX.
Who do I contact if I have further queries?	For further information, Applicants should contact the Company Secretary on +61 2 8072 1400.

7.9 Allocation Policy under the Public Offer

The basis of allocation of New Shares under the Public Offer will be determined by the Company and the Joint Lead Managers. Certain Applicants nominated by the Company may be given a preference in allotment of New Shares.

The Company reserves the right in its absolute discretion not to issue New Shares to Applicants under the Public Offer and may reject any Application or allocate a lesser amount of New Shares than those applied for, including allocating no New Shares, at its absolute discretion.

The allocation policy under the Public Offer will be influenced by the following factors:

- number of New Shares applied for by a particular Applicant;
- a desire to establish a wide spread of shareholders;
- the timeliness of the Applications by particular Applicants;
- a desire for an informed and active trading market following admission of the Shares on the ASX;
- overall level of demand under the Public Offer;
- the likelihood that particular Applicants will be long term Shareholders; and
- any other factors that the Company considers appropriate.

Application Monies will be held on trust on behalf of the Applicants until the New Shares offered under this Prospectus are issued. The banking of the Application Monies in a trust account does not constitute acceptance of the relevant Application. If any Application is rejected in whole or in part, the relevant Application Monies will be repaid to the

unsuccessful Applicant within the time period set out under the Corporations Act, without interest. For the avoidance of doubt, all interest earned on Application Monies (including those which do not result in the allotment of New Shares) will be retained by the Company.

7.10 How do I apply under the Invitation Offer and Advisor Offer?

Members of the public cannot apply for Securities under the Invitation Offer. Eligible individuals will be notified by the Company and advised on the procedure for applying.

Members of the public cannot apply for Securities under the Advisor Offer. Eligible individuals will be notified by the Company and advised on the procedure for applying.

7.11 Minimum subscription

The minimum subscription under the Public offer and the Invitation Offer is for 97,500,000 New Shares at an issue price of \$0.20 per Share. Therefore, the minimum amount to be raised under this Prospectus is \$19,500,000 before costs (**Minimum Amount**).

In the event that the Minimum Amount is not raised under this Prospectus, no New Shares will be issued and all Application Monies received will be refunded (without interest) in accordance with the Corporations Act.

7.12 Maximum subscription

The Maximum subscription under the Public Offer and the Invitation Offer is for 97,500,000 New Shares at an issue price of \$0.20 per Share.

The Company reserves the rights to accept Oversubscriptions.

7.13 Oversubscriptions

The Company reserves the right to accept Oversubscriptions up to \$2,000,000. Therefore, the maximum amount that may be raised under this Prospectus is \$21,500,000 before costs.

7.14 CHESS and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Under CHESS the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holding in the Company. If an investor is broker sponsored, ASX will send a CHESS statement. Statements are sent by post and set out the number of New Shares issued to the Shareholder under this Prospectus and advise of their Holder Identification Number or Securityholder Reference Number. Subsequently, where a holding changes in the course of a calendar month that Shareholder will be issued with a statement that sets out the changes in their holding. That statement is despatched in the week following the relevant month end.

7.15 Overseas Distribution

This Prospectus does not, and is not intended to, constitute an offer of New Shares in any place or jurisdiction 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 may 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.

The Company has not taken any action to register or qualify the New Shares, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia.

It is the responsibility of any Applicant that is based in a foreign jurisdiction (outside Australia) to ensure compliance with all laws of any foreign jurisdiction that are relevant and applicable to their Application. The return of a properly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of any applicable foreign jurisdiction laws and that all necessary approvals and consents have been obtained.

Notice to United States residents

The Securities being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act.

Notice to Hong Kong investors

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 New 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 New 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 New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New 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.

Notice to New Zealand residents

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 CDIs 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.

If you (or any person for whom you are acquiring or procuring the CDIs) 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 CDIs to you, (ii) no product disclosure statement under the FMC Act may be prepared in respect of the offer of CDIs 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 CDIs 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 CDIs 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.

7.16 Underwriters

The Offers are not underwritten.

7.17 Dividends

The Company’s immediate focus will be investing in the business. As such, it is not expected that the Board will declare a dividend in the first 12 months following listing.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

7.18 Forward-looking Statements

This Prospectus contains forward-looking statements, which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’ or ‘intends’, and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Sections 5.1 and 5.2.

7.19 Privacy Statement

The Company collects, holds and will use information in relation to each Applicant as provided on an Application Form (**Information**) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant’s security holding in the Company (**Purposes**).

By submitting an Application Form, each Applicant agrees that the Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registry, the Company’s related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, licensed securities dealers, the share registry, print service providers, mail houses, and regulatory bodies including the Australian Taxation Office.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth), 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 for New Shares, the Company may not be able to accept or process your application.

7.20 Enquiries in Relation to the Offers

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact:

- (a) your stockbroker, accountant or independent financial advisor; or
- (b) the Offer Information Line on 1300 288 664 (within Australia) and +61 2 9698 5414 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday.

7.21 Employee Share Option Plan

Shareholder approval is being sought at the EGM to adopt a Long Term Incentive Plan (**LTIP**) to assist in the reward, retention and motivation of the Company's Directors, senior management, and other key employees.

Under the rules of the LTIP, the Board has a discretion to offer any of the following awards to senior management, Directors or other nominated key employees:

- + options to acquire Shares;
- + performance rights to acquire Shares; and/or
- + Shares, including to be acquired under a limited recourse loan funded arrangement,

in each case subject to service-based conditions and/or performance hurdles (collectively, the **Awards**).

The terms and conditions of the LTIP are set out in comprehensive rules. A summary of the key rules of the LTIP is set out below:

- + the LTIP is open to Directors, senior management, and any other employees of the Company, as determined by the Board. Participation is voluntary;
- + the Board may determine the type and number of Awards to be issued under the LTIP to each participant and other terms of issue of the Awards including vesting hurdles, exercise price, forfeiture conditions and any fees to be paid;
- + when any service-based conditions and/or performance hurdles have been satisfied, participants will receive fully vested Shares or their options/performance rights will become vested and will be exercisable over Shares (as applicable);
- + each vested option and performance right enables the participant to be issued or to be transferred one Share upon exercise, subject to the rules governing the LTIP and the terms of any particular offer;
- + participants holding options or performance rights are not permitted to participate in new issues of Securities by the Company but adjustments may be made to the number of Shares over which the options or performance rights are granted and/or the exercise price (if any) to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the rules of the LTIP and the ASX Listing Rules; and
- + the LTIP limits the number of Awards that the Company may grant without Shareholder approval, such that the sum of all Awards on issue (assuming all options and performance rights were exercised) do not at any time exceed in aggregate 10% of the total issued capital of the Company as at the date of commencement of the LTIP.

7.22 Capital Structure

As at the Prospectus Date, the capital structure of the Company is summarised below.

Class of Security	Number of Securities
Shares	16,400,000
Options	7,000,000
Total Securities on Issue	23,400,000

The capital structure of the Company following completion of the Public Offer and the Invitation Offer under this Prospectus is summarised below.

Class of Security	Number of Securities	Number of Securities based on maximum Over-subscriptions
Shares	113,900,000	123,900,000
Options	11,450,000	11,450,000
Performance Rights	6,000,000	6,000,000
Total Securities on Issue	131,350,000	141,350,000

The Company anticipates that its free float as at the time of listing will be not less than 20%.

7.23 Substantial Shareholders

As at the Prospectus Date, those shareholders holding 5% or more of the Shares on issue are as follows.

Shareholder	Shares	Proportion
Bombora Investment Management	8,700,000	53.05%
Mace Group	1,400,000	8.54%

As at the Listing Date, those Shareholders holding 5% or more of the Shares on issue will be as follows.

Shareholder	Shares	Proportion	Proportion based on maximum Over-subscription
Bombora Investment Management	11,200,000	9.83%	7.92%

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Investigating Accountant's Report



16 April 2019

The Board of Directors
Qpro Holdings Limited
Level 5, 126 Phillip St
SYDNEY NSW 2000

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON QPRO HOLDINGS LIMITED'S HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

Introduction

HLB Mann Judd Corporate (NSW) Pty Ltd ("HLBMJC") has been engaged by Qpro Holdings Limited ("Qpro Holdings" or the "Company") to prepare this report for inclusion in the prospectus to be dated on or around 16 April 2019 ("Prospectus"), and to be issued by Qpro Holdings in respect of the initial public offering of shares in the Company (the "Offer") and the listing of the Company on the Australian Securities Exchange.

It is proposed that Qpro Holdings, will simultaneously acquire the issued shares in DPP Holdings Pty Ltd ("DPP"), the holding company of Pacific Knowledge Systems Pty Ltd ("Pacific Knowledge Systems") at the time of the Offer. DPP and Pacific Knowledge Systems together are referred to as the DPP Group.

HLB Mann Judd Corporate (NSW) Pty Ltd holds the appropriate Australian Financial Services licence (AFSL: 253134) under the Corporations Act 2001 for the issue of this report.

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

Scope

Historical Financial Information

You have requested HLBMJC to review the following historical financial information included in the Prospectus:

- Statutory consolidated statement of profit or loss and other comprehensive income of DPP Group for the years ended 30 June 2017 ("FY2017"), 30 June 2018 ("FY2018") and the 6 month periods ended 31 December 2017 ("HY2018") and 31 December 2018 ("HY2019");
- Statutory consolidated historical statements of cash flows of DPP Group for the FY2017, FY2018, HY2018 and HY2019;
- Statutory consolidated historical statements of financial position as at 30 June 2017, 30 June 2018 and 31 December 2018 of DPP Group; and
- Statutory historical statement of financial position as at 31 December 2018 of Qpro Holdings.

(collectively the "Historical Financial Information")

hlb.com.au

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Level 19, 207 Kent Street Sydney NSW 2000 Australia
T: +61 (0)2 9020 4000 **F:** +61 (0)2 9020 4190 **E:** mailbox@hlbns.com.au

HLB Mann Judd Corporate (NSW) Pty Ltd is a member of HLB International, the global advisory and accounting network.



The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The Historical Financial Information has been extracted from:

- the financial reports of DPP Group for FY2017 and FY2018, which were audited by HLB Mann Judd Assurance Pty Ltd in accordance with the Australian Auditing Standards. An unmodified opinion was issued on the financial report for FY2017 and FY2018;
- the financial report of DPP Group for HY2019 which have been reviewed by HLB Mann Judd Assurance Pty Ltd in accordance with the Australian Auditing Standards. An unmodified review opinion was issued on the financial report for HY2019 which included the comparative information for HY2018; and
- the financial report of Qpro Holdings for the 6 months ended 31 December 2018. An unmodified review opinion was issued on the financial report for Qpro Holdings for the 6 months ended 31 December 2018.

Pro Forma Historical Financial Information

You have requested HLB MJC to perform limited assurance procedures in relation to the pro forma historical financial information of Qpro Holdings (the responsible party) included in the Prospectus.

The pro forma financial information consists of Qpro Holdings' consolidated statement of financial position as at 31 December 2018 inclusive of Qpro Holdings and DPP Group at that date, adjusting for the impact of the Offer and other significant transactions and events, and related notes as set out in sections 4.5.3 of the Prospectus (collectively the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of Qpro Holdings and DPP Group, after adjusting for the effects of pro forma adjustments described in sections 4.5.4, 4.5.5 and 4.5.6 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 4 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent Qpro Holdings' actual or prospective financial position.

The historical and 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 Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Directors' responsibilities

The directors of Qpro Holdings are responsible for:

- the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the Historical Financial Information and included in the Pro Forma Historical Information; and
- the information contained in the Prospectus.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility

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

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

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

Conclusions

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in section 4 of the Prospectus, and comprising:

- Statutory consolidated statement of profit or loss and other comprehensive income of DPP Group for FY2017, FY2018, HY2018 and HY2019;
- Statutory consolidated historical statements of cash flows of DPP Group for the FY2017, FY2018, HY2018 and HY2019; and
- Statutory consolidated historical statements of financial position of DPP Group as at 30 June 2017, 30 June 2018 and 31 December 2018,

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4 of the Prospectus.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information being the pro forma historical consolidated statement of financial position as at 31 December 2018 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 4 of the Prospectus.

Independence

HLBMJC does not have any interest in the outcome of the proposed initial public offering, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. From time to time, HLB Mann Judd also provides Qpro Holdings with certain other professional services for which normal professional fees are received.

**General advice warning**

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 take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

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

Consent

HLBMJC has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, HLBMJC makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

A handwritten signature in black ink, appearing to read 'N Guest', written over a light blue circular background.

Nicholas Guest

Director and Authorised Representative

Appendix D: Financial Service Guide

Dated 16 April 2019

1. HLB Mann Judd Corporate (NSW) Pty Ltd

HLB Mann Judd Corporate (NSW) Pty Ltd ABN 94 003 918 125 ("HMJC" or "we" or "us" or "our" as appropriate) has been engaged to issue general financial product advice in the form of a Report to be provided to you.

2. 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 a financial services licensee.

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, No. 253134**;
- 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 complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, securities valuations or reports and to provide general financial product advice for the following classes of financial products:

- (i) debentures, stocks or bonds issued or proposed to be issued by a government;
- (ii) interests in managed investment schemes excluding investor directed portfolio services;
- (iii) securities; and
- (iv) superannuation;

to retail and wholesale clients

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared for the shareholder group as a whole without taking 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. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither HMJC, 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.

hlb.com.au

HLB Mann Judd Corporate (NSW) Pty Ltd ABN 94 003 918 125 AFSL 253134

Level 19, 207 Kent Street Sydney NSW 2000 Australia

T: +61 (0)2 9020 4000 F: +61 (0)2 9020 4190 E: mailbox@hlbns.com.au



6. Remuneration or other benefits received by us

HMJC has no employees. All personnel who complete reports for HMJC are either partners of, or personnel employed by, HLB Mann Judd's New South Wales Partnership. None of those partners or personnel is eligible for bonuses directly in connection with any engagement for the provision of a report.

7. 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.

8. Associations and relationships

HMJC is wholly owned by HLB Mann Judd (NSW) Pty Limited. Also, all directors of HMJC are partners in HLB Mann Judd's New South Wales Partnership. Ultimately the partners of HLB Mann Judd's New South Wales Partnership own and control HMJC.

From time to time HMJC, HLB Mann Judd (NSW) Pty Ltd or HLB Mann Judd's New South Wales Partnership may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of their business.

9. Complaints resolution

9.1. *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. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (NSW) Pty Ltd, Level 19, 207 Kent Street NSW 2000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination

9.2. *Referral to external disputes 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 is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

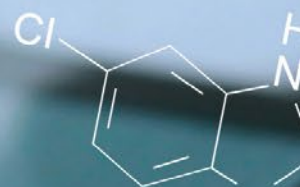
Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Toll free: 1800 931 678
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of page 1 of this FSG.

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9

Additional Information

9.1 Corporate Information

Qpro Holdings Limited

Qpro Holdings Limited was incorporated on 26 June 2018. It is proposed to be renamed to PKS Holdings Limited subject to Resolutions to be passed in the EGM.

The Company has agreed to purchase all of the shares in DPP Holdings Pty Ltd (**DPP**), pursuant to a Share Purchase Agreement (**SPA**) dated 5 October 2018. DPP owns 100% of Pacific Knowledge Systems Pty Ltd.

Other than raising funds from shareholders and incurring certain costs associated with the acquisition of DPP and the IPO, the Company has undertaken no significant operations since incorporation.

DPP Holdings Pty Ltd

DPP Holdings Pty Ltd (**DPP**) was incorporated on 9 May 2011. It was incorporated for the purpose of acquiring Pacific Knowledge Systems Pty Ltd, which completed in June 2011. The shareholders of DPP include entities associated with high net worth individuals and a number of individuals that were previously shareholders of PKS, whose shareholdings were rolled over to shares in DPP as part of DPP's acquisition of PKS.

Other than providing some minor consulting services to Pacific Knowledge Systems Pty Ltd, DPP has no significant operations.

Pacific Knowledge Systems Pty Ltd

Pacific Knowledge Systems Pty Ltd was incorporated on 14 May 1996.

This entity employs the management team and other staff of the business and owns the intellectual property in the RippleDown products.

Corporate Structure

Assuming the acquisition of DPP successfully completes the following chart reflects the corporate structure.

Figure 20: Corporate Structure



9.2 Constitution and Rights and Liabilities attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Ranking of Shares

At the date of this Prospectus, all Shares are of the same class (ordinary shares) and rank equally in all respects. Specifically, the New Shares issued pursuant to this Prospectus will rank equally with existing fully paid ordinary Shares in the Company. The rights attaching to Shares are set out in the Company's constitution and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law.

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:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney, or representative of a Shareholder shall, in respect of each Share held by that person or in respect of which the person is appointed proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid bears up to the total issue price for the Share.

Dividend Rights

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

Variation of Rights

The Company may, with the sanction of a special resolution passed at a meeting of Shareholders and otherwise in accordance with the Constitution and Corporations Act, vary or abrogate the rights attaching to Shares.

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 and the ASX Listing Rules.

General Meetings

Each 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 and any other laws.

Rights on Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company:

- (a) divide among the Shareholders the whole or any part of the Company's property; and
- (b) decide how the division is to be carried out between the Shareholders.

Subject to any special rights (at present there are none), any surplus assets (following full satisfaction of all creditors' debts) on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Board. Subject to restrictions on the issue or grant of new Shares contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred upon the holder of an existing Share or class of Shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

Balance Date and Company Tax Status

The Company's balance date and end of financial year will be 30 June annually.

The Company will be taxed as a public company.

9.3 Rights and liabilities attaching to Securities under the Public Offer, Invitation Offer, Advisor Offer and to Existing Options

Shares

The Shares to be issued under this Prospectus will rank equally with the other fully paid ordinary shares in the Company.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and the Corporations Act. A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have a right to obtain a copy of the Company's Constitution, free of charge by contacting the Company Secretary on +61 2 8072 1400. The detailed provisions relating to the rights attaching to Shares under the Constitution and Corporations Act are summarised below.

Each Share will confer on its holder:

- (a) the right to receive and give notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;
- (b) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (as at Completion there are none);
- (c) the right to receive dividends, according to the amount paid up on the Share;
- (d) the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to priority given to holders of Shares that have not been classified by ASX as 'restricted securities' and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- (e) subject to the Corporations Act, ASX Listing Rules including the escrow provisions outlined in this Prospectus, the right to transfer Shares.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

Existing Options

Each Existing Option gives the holder the right to subscribe for one fully paid Share.

The Existing Options have the following material terms:

- + Grant price: Nil;
- + Exercise price: 10 cents per Existing Option;
- + Vesting conditions: The Existing Options will vest on the first anniversary of the date of issue; and
- + Expiry date: Five years from the date of issue.

New Options

Each New Option gives the holder the right to subscribe for one fully paid Share.

The New Options to be issued to Directors, management and employees of the Company will have the following material terms:

- + Grant price: Nil;
- + Exercise price: 20 cents per New Option;
- + Vesting conditions: The recipient must be employed and/or engaged by the Company for a continuous period of two years from the date of issue and the 5 day VWAP of the Company's Share price is 40 cents per Share or above for more than 30 days; and
- + Expiry date: Five years from date of issue.

Performance Rights

Each Performance Right is a right to receive one fully paid Share upon vesting.

The Performance Rights to be issued to Directors, management and employees will have the following material terms:

- + Grant price: Nil;
- + Exercise price: Nil;
- + Vesting condition: The recipient must be employed and/or engaged by the Company for a continuous period of two years from the date of issue and the 5 day VWAP of the Company's Share price is 40 cents per Share or above for more than 30 days; and
- + Expiry date: Five years from date of issue.

9.4 Material Contracts

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Public Offer and the Invitation Offer.

This section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

Share Purchase Agreement

On 5 October 2018, the Company entered into the Share Purchase Agreement with the DPP Vendors and DPP to acquire 100% of the issued share capital in DPP. The Share Purchase Agreement was amended by a Deed of Amendment entered into by the parties on or about 3 April 2019.

Consideration

Pursuant to the Share Purchase Agreement, as amended, as consideration for 100% of the issued shares of DPP, the Company will be making a total cash payment of \$15,500,000 to the DPP Vendors (or their nominees) (**Purchase Price**).

Conditions precedent

Completion under the Share Purchase Agreement is subject to a number of conditions precedent being satisfied or waived (**Conditions**). The Conditions which are still to be satisfied or waived (as of the date of this Prospectus) under the Share Purchase Agreement include:

- (a) a third party providing written confirmation that it will not exercise a right of first refusal over the shares in PKS and otherwise has no claim in relation to the shares in PKS or DPP;
- (b) the DPP Shares having been released from all encumbrances and registered security interests;
- (c) no material adverse change occurs in relation to the assets of DPP or PKS, including their material contracts, since completion of the Company's due diligence enquiries;
- (d) receipt of valid applications for a minimum subscription of \$19,500,000 under the Public Offer and the Invitation Offer;
- (e) the Company, DPP Vendors, DPP and PKS obtaining all necessary approvals and/or waivers to give effect to the terms of the Share Purchase Agreement;
- (f) DPP and PKS obtaining all necessary approvals and/or consents required for the Company to obtain the benefit of the assets used in the PKS business, including all intellectual property rights and material contracts;
- (g) the conditional approval by ASX to quote the securities of the Company to trading on terms reasonably acceptable to the Company and the DPP Vendors;
- (h) DPP and PKS having repaid all intercompany loans, including the collection of all intercompany receivables and intercompany payables; and
- (i) DPP and PKS having working capital of approximately nil at completion of the acquisition.

If the Prospectus is not lodged prior to 31 May 2019 either party may terminate the Share Purchase Agreement, as amended.

Termination by the Company

The Company can terminate the Share Purchase Agreement if:

- (a) DPP or any DPP Vendor breaches the Share Purchase Agreement in any material respect and such breach is not remedied within 10 business days of notice being served by the Company to the party in breach (or the breach is incapable of remedy); or
- (b) an Insolvency Event occurs with respect to DPP or PKS; or
- (c) prior to or on Completion, any warranty given by the DPP Vendors in the Share Purchase Agreement in respect of capacity, trust or solvency is found to have been incorrect or misleading and the total claim which the Company can make in respect of all relevant breaches of warranty is likely to exceed \$150,000, unless a DPP Vendor has breached a warranty in respect of the DPP Shares in which case there is no monetary threshold.

If the Prospectus is not lodged prior to 31 May 2019 either party may terminate the Share Purchase Agreement, as amended.

Termination by the DPP Vendors

Any DPP Vendor can terminate the Share Purchase Agreement if:

- (a) the Company breaches the Share Purchase Agreement in any material respect and such breach is not remedied within 10 business days of notice being served by the DPP Vendor to the Company (or the breach is incapable of remedy); or
- (b) an Insolvency Event occurs with respect to the Company; or
- (c) prior to or on Completion, any warranty given by the Company in the Share Purchase Agreement with respect to its capacity, solvency or corporate structure is found to have been incorrect or misleading and the total claim which the DPP Vendors can make in respect of all relevant breaches of warranty is likely to exceed \$150,000.

If the Prospectus is not lodged prior to 31 May 2019 either party may terminate the Share Purchase Agreement, as amended.

Other terms of the Share Purchase Agreement

The Share Purchase Agreement contains other terms considered standard for an agreement of this nature, including obligations of the parties before, on and after completion of the Acquisition, confidentiality, warranties, covenants and indemnities provided by the parties.

Chief Executive Officer employment contract

Please refer to Section 6.6 .

Significant PKS employees

Michael Reakes, General Manager has been with PKS since 2015 and has been on the executive leadership team since 2015. Mr Reakes' total remuneration (annual salary and benefits) is \$320,000 per annum (including superannuation contributions).

Either party is entitled to terminate Mr Reakes' employment by providing four months' written notice. The agreement contains intellectual property clauses which assign all present and future intellectual property rights of the employee to PKS and acknowledge that all intellectual property rights in the software will be owned exclusively by PKS. The agreement also contains generic clauses relating to non-compete with restraint areas and non-solicitation of customers and employees.

In addition, as of the date of this Prospectus, PKS has one other employee who earns more than \$220,000 per annum. Pursuant to this employee's agreement, either party is entitled to terminate the employment by providing one month's written notice. The agreement contains intellectual property clauses which assign all present and future intellectual property rights of the employee to PKS and acknowledge that all intellectual property rights in the software will be owned exclusively by PKS. The agreement also contains generic clauses relating to non-compete with restraint areas and non-solicitation of customers and employees.

Lease – Surry Hills, NSW

PKS entered into a lease with Floria Tosca Popoff ABN 94 629 589 520 at Suite 310, 50 Holt Street, Surry Hills NSW 2010 on 12 September 2018. The lease contains the following terms:

- + Term: 2 years;
- + Commencement date: 1 November 2018;
- + Terminating date: 31 October 2020;
- + Option to renew: Nil;
- + Rent: \$121,550 plus GST per annum;
- + Fixed percentage: 5%
- + Bank guarantee/Security deposit: 3 months' rent plus GST; and
- + Make Good: same condition as at commencement.
- + The lease contains a change of control clause requiring one month's prior written notice of the proposed change of control. Notice of the proposed change of control has been provided to the Landlord.

Mandate Letter – Joint Lead Managers

The Company entered into an agreement with Bell Potter Securities Limited and Shaw and Partners Limited (**Joint Lead Managers**) on or about 5 April 2019 under which the Joint Lead Managers have agreed to act as the exclusive joint lead managers and bookrunners to the Public Offer and the Invitation Offer (**Mandate Letter**).

In return for the services provided, the Company must pay to the Joint Lead Managers the following fees (exclusive of GST):

- (a) a "Management Fee" of 2.0% of the gross amount raised under the Public Offer, paid to each Joint Lead Manager in proportion to the funds raised by each of them;
- (b) a "Selling Fee" of 3.0% of the gross amount raised under the Public Offer, paid to each Joint Lead Manager in proportion to the funds raised by each of them; and
- (c) an "Incentive Fee" of 1.0% of the gross amount raised under both the Public Offer and Incentive Offer payable in equal proportions to each Joint Lead Manager. The Incentive Fee is payable at the discretion of the Company.

In addition, any funds raised by other parties (such as other brokers) will receive the Management Fee and Selling Fee.

Either or both Joint Lead Managers may terminate the Mandate Letter:

1. At any time prior to lodgement of the prospectus with ASIC;
2. After lodgement of the Prospectus on certain grounds as set out in the Mandate Letter, including but not limited to where:
 - (a) the ASX has not provided conditional approval to admit the Company to the Official List of ASX and quotation of all of the Company's shares on ASX on standard conditions only within two months of the date of this Prospectus;
 - (b) a consent necessary for the issue of the Prospectus is withdrawn;
 - (c) the Company breaches the Mandate Letter or any warranty or representation by the Company under the Mandate Letter is or becomes untrue and which in either case in the reasonable opinion of either of the Joint Lead Managers has or is likely to either have a material adverse effect on the Company or the DPP Group;
 - (d) a change occurs affecting or relating to the Company or any member of the DPP Group which in the reasonable opinion of either of the Joint Lead Managers has or is likely to either materially and adversely change, or result in a material and adverse change to, the operations of the Company or the DPP Group;

- (e) either of the All Ordinaries Index or the S&P/ASX Small Ordinaries Index close 10% or more below their respective levels as at the close of trading immediately preceding the date of the Mandate Letter for two or more consecutive business days;
- (f) a senior manager of the Company or the DPP Group resigns or is removed from office or is charged with or convicted of a criminal offence; or
- (g) except with the agreement of the parties (not to be unreasonably withheld or delayed), any event specified in the timetable as set out in this Prospectus does not occur within two business days after the date specified for that event.

Where one Joint Lead Manager terminates its obligations under the Mandate Letter, the remaining Joint Lead Manager may elect to either also terminate its obligations under the Mandate Letter or assume the obligations of the other Joint Lead Manager under the Mandate Letter.

The Company has provided certain representations and warranties to the Joint Lead Managers in relation to this Prospectus, the Company, the DPP Group and the Offers. These are typical of commercial agreements of this nature.

In addition, the Company has indemnified each Joint Lead Manager and their directors, officers, employees, affiliates and agents against any claim, loss, liability, expense incurred or suffered by them in connection with the Offers or the Mandate Letter. The indemnity does not apply to the extent that any claim, loss, liability or expense arises from wilful misconduct, negligence, breach of contract, fraud or breach of law by the indemnified party.

9.5 Material Customer Contracts

Lancet

The use of RippleDown commenced at this organisation in 2014. The current RippleDown Software License Agreement between PKS and Lancet, dated 1 March 2018, is for a term of three years. The agreement automatically renews for successive one year periods. The agreement grants Lancet a non-exclusive licence to use the PKS software at sites within Africa. The RippleDown Software License Agreement can be terminated by either party on three months' notice prior to the end of the then current term.

Abbott Laboratories

PKS entered into a Software Licensing and Distribution Agreement with Abbott on 21 April 2016 for an initial term of four years. The agreement automatically renews for successive two year periods. The agreement can be terminated by either party on six months' notice prior to the end of the initial term or each successive renewal term. The licence granted is non-exclusive, however the agreement contains an exclusivity period. The exclusivity period finished in July 2017. In addition, Abbott is permitted to terminate the agreement if a direct competitor of Abbott directly or indirectly acquires 50% of PKS or its assets.

Philips

PKS entered a Software Licence and Maintenance Agreement on 1 September 2015 with Philips. The initial term is for five years. The Agreement automatically renews for successive one year periods. The agreement can be terminated as of the end of a calendar year by PKS on one year's notice or by Philips on six months' notice. Philips may terminate the agreement immediately if PKS commits a breach which is incapable of remedy. The agreement grants Philips a non-exclusive licence to use the software.

South Eastern Area Laboratory Services (SEALS)

PKS entered into a software licence agreement with SEALS on 1 January 2006 under which it granted SEALS a non-exclusive licence to use its software for an initial term of two years. The agreement automatically renews for successive 12-month periods unless otherwise notified by either party giving 90 days' written notice to the other. Under the agreement, PKS charges an annual support fee and Episode Usage Fees.

Healthscope NZ

The use of RippleDown commenced at this organisation in 2009. PKS entered into a RippleDown Products Licence Agreement with Healthscope New Zealand Limited (Healthscope NZ) on 1 July 2014 for an initial term ending on 28 February 2020. The agreement contains an option to extend the initial term for a further five years, with three months' notice required prior to the end of the initial term. Under the agreement, PKS granted Healthscope NZ a non-exclusive licence to use the PKS software.

Australian Clinical Laboratories

The use of RippleDown commenced at this organisation in 2002. PKS entered into the current RippleDown Products Licence Agreement on 1 July 2014 for an initial term ending on 28 February 2020. The agreement contains an option to extend the initial term for a further five years, with three months' notice required prior to the end of the initial term. Under the agreement, PKS granted a non-exclusive licence to use the PKS software.

ACT Pathology

PKS entered into a software licence agreement with ACT Pathology (**ACTP**) in 2005, and the current software licence agreement was entered into on 19 January 2015 for a term ending on 31 December 2018. The agreement automatically renews for successive one year periods unless either party gives at least 120 days' written notice to terminate prior to the end of any current period. Under the agreement, PKS granted ACTP a non-exclusive licence to use the PKS software.

Mater Misericordiae (Mater)

PKS entered into a software licence agreement with Mater on 11 July 2005 for an initial term of one year. The agreement automatically renews for further one year periods, until either party gives written notice 30 days prior to the anniversary of any particular period. Under the agreement, PKS granted Mater a non-exclusive licence to use the RippleDown software.

Thermo Fisher

PKS entered into a Technology Licence and Cross Licence Arrangement (**Agreement**) with an entity now owned by Thermo Fisher on 31 May 2010 for an initial term of six years. The Agreement automatically renews for successive three year periods. The Agreement grants a non-exclusive licence to the customer for use of the software at a central site as well as an unlimited number of end users. The Agreement can be terminated by either party on 90 days' notice to the other party prior to the end of the then current term.

9.6 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors of the Company, any underwriters, persons named in the Prospectus with their consent as having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading or deceptive statements made in the Prospectus. Although the

Company bears primary responsibility for the Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below:

- (a) HLB Mann Judd (NSW) Pty Ltd has consented to being named in this Prospectus as the Company's Investigating Accountant and to the inclusion in this Prospectus of its Investigating Accountant's Report in Section 8 in the form and context in which it appears.
- (b) HLB Mann Judd Assurance (NSW) Pty Ltd has consented to being named as the Company's auditor and referred to in the Company's audited accounts.
- (c) Automic Legal Pty Ltd has consented to being named in this Prospectus as the Australian legal advisor to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Automic Legal Pty Ltd.
- (d) Automic Pty Ltd has consented to being named in this Prospectus as the Share Registry for the Company. Automic Pty Ltd has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Automic Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.
- (e) Bell Potter Securities Limited has consented to being named as one of the Joint Lead Manager to the Public Offer and the Invitation Offer, but it does not make any statement in this Prospectus, nor is any statement or report included in this Prospectus based on any statement by Bell Potter Securities Limited.
- (f) Shaw and Partners Limited has consented to being named as one of the Joint Lead Manager to the Public Offer and the Invitation Offer, but it does not make any statement in this Prospectus, nor is any statement or report included in this Prospectus based on any statement by Shaw and Partners Limited.

9.7 Disputes and Litigation

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.

9.8 Investor and Potential Applicant Considerations

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

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

The potential tax effects relating to the Public Offer and Invitation Offer will vary depending on the personal circumstances of the investor or potential Applicant. Investors and potential Applicants are urged to consider the possible tax consequences of participating in the Public Offer by consulting a professional tax advisor.

9.9 Working Capital Statement

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

9.10 Documents available for Inspection

The following documents are available for inspection during normal office hours, free of charge, at the registered office of the Company for a period of at least 12 months from the date of lodgement of this Prospectus with the ASIC:

- (a) this Prospectus;
- (b) the current Constitution of the Company; and
- (c) the consents referred to in Section 9.6 of this Prospectus.

9.11 Governing Law

This Prospectus and the contracts that arise from the acceptance of Applications under the Public Offer and the Invitation Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

9.12 Taxation

The taxation consequences of any investment in the New Shares will depend on your particular circumstances. It is the sole responsibility of Applicants to make their own enquiries and obtain independent professional financial advice about the taxation consequences of acquiring New Shares.

The Directors do not consider that it is appropriate to give potential Applicants advice regarding taxation matters and consequences of applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of all the possible taxation positions of potential Applicants.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to any taxation consequences to investors of subscribing for New Shares under this Prospectus.

9.13 Electronic Prospectus

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and it will send to you free of charge either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website at www.pks.com.au.

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.

The Company reserves 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 electronic 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. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

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Statement of Directors and Directors' Authorisation

Other than as set out in this Prospectus, the Directors report that after due enquiries by them there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

In accordance with sections 351 and 720 of the Corporations Act each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company,

Mike Hill
Director

For and on behalf of Qpro Holdings Limited



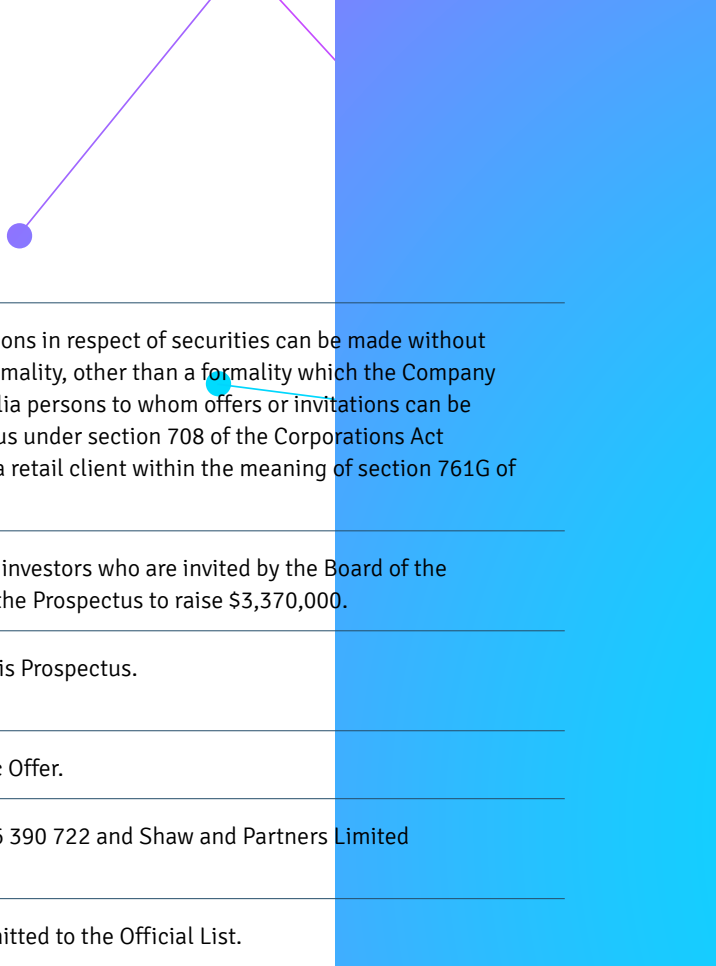
11

Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Abbott	means Abbott Laboratories.
Acquisition	means the purchase of 100% of the issued share capital in DPP Holdings Pty Ltd ACN 150 803 535 by the Company via a Share Purchase Agreement dated 5 October 2018, as amended.
Advisor Offer	means the offer of up to 4,450,000 New Options and 6,000,000 Performance Rights to members of the New Board, management and employees of the Company.
Applicant(s)	means a person or persons who submit a valid Application Form accompanied by Application Monies under this Prospectus.
Application	means an application to subscribe for New Shares pursuant to the Public Offer or Invitation Offer under this Prospectus.
Application Form(s)	means the application forms for the Public Offer and Invitation Offer that are attached to and accompanying this Prospectus.
Application Monies	means the Application Monies received from Applicants.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ABN 98 008 624 691.
ASX Corporate Governance Principles	means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
ASX Listing Rules or Listing Rules	means the official listing rules of ASX and any other rules of ASX that are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Australian Accounting Standards	means the Australian Accounting Standards and other authoritative pronouncements by the Australian Accounting Standards Board.
Automic Group	means Automic Pty Ltd ABN 27 152 260 814.
Board	means the Board of Directors of the Company as constituted from time to time.
Bombora Investment Management	means Bombora Investment Management Pty Ltd ACN 625 413 390.
Broker	means any ASX participating organisation selected by the Joint Lead Managers in consultation with the Company to act as a broker to the Public Offer.
CAGR	means compound annual growth rate.

CDS	means Clinical Decision Support system.
CHESS	means ASX Clearing House Electronic Sub-Register System.
Closing Date	means 27 May 2019 or such earlier or later date as the Directors may determine as its discretion.
Company or Qpro Holdings	means Qpro Holdings Limited ACN 627 071 121, proposed to be renamed to PKS Holdings Limited.
Consolidation	means the 10 for 1 consolidation of the existing issued capital of the Company, which will be implemented in accordance with Resolution 1 of the NOM at the EGM. Notably, all Securities pursuant to this Prospectus are being offered on a post-Consolidation basis.
Constitution	means the Constitution of the Company as amended or replaced from time to time.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended from time to time.
Directors	means a director of the Company as appointed from time to time.
Dollar or “\$”	means Australian dollars.
DPP	means DPP Holdings Pty Ltd, the owner of Pacific Knowledge Systems Pty Ltd.
DPP Group	means DPP and PKS.
DPP Vendors	means the owners of 100% of the issued shares in DPP.
EBIT	means earnings before interest and taxes.
EBITDA	means earnings before interest, tax, depreciation and amortisation.
EGM	means the extraordinary general meeting of the Company currently proposed to be held on 13 May 2019.
Episode Usage Fees	Usage-based fee, typically based on the number of episodes (e.g. test orders) conducted by the customer during the month.
Existing Options	means the 7,000,000 Options on issue as at the date of this Prospectus.
Exposure Period	means the period of seven (7) days after the lodgement of this Prospectus as defined in Chapter 6D of the Corporations Act.
Financial Information	means the Statutory Historical Financial Information and the Pro Forma Historical Financial Information.
IFRS	means International Financial Reporting Standards.



Institutional Applicant	means an Applicant to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act (disregarding section 708AA), and excluding a retail client within the meaning of section 761G of the Corporations Act.
Invitation Offer	means the offer of 16,850,000 New Shares to investors who are invited by the Board of the Company to subscribe for New Shares under the Prospectus to raise \$3,370,000.
Investigating Accountant's Report	means the report contained in Section 8 of this Prospectus.
Issue Price	means \$0.20 per Share pursuant to the Public Offer.
Joint Lead Managers	means Bell Potter Securities Limited ACN 006 390 722 and Shaw and Partners Limited ACN 003 221 583.
Listing Date	means the date on which the Company is admitted to the Official List.
New Board	means directors appointed to the Company on its admission to the Official List.
New Options	means options in the Company to be issued as part of the Advisor Offer.
New Share	means a Share in the Company at an issue price of \$0.20 per Share that is being issued as part of the Public Offer or the Invitation Offer pursuant to this Prospectus.
NOM	The notice of meeting with respect to the EGM.
Offer(s)	means together the Public Offer, the Invitation Offer and the Advisor Offer.
Offer Period	means the period commencing on the Opening Date and ending on the Closing Date.
Official List	means the official list of the ASX.
Official Quotation	means official quotation by ASX in accordance with the ASX Listing Rules.
Opening Date	means 3 May 2019 or as varied by the Directors.
Option	means an option to acquire a Share.
Oversubscriptions	means subscription amounts (up to an additional \$2,000,000) in excess of the \$19,500,000 to be raised that may be accepted by the Company.
Performance Rights	means unlisted and unvested performance rights of the Company issued as part of the Advisor Offer, which are convertible to Shares subject to satisfaction of certain performance hurdles.
Philips	means Philips Nederland B.V.
PKS	means Pacific Knowledge Systems Pty Ltd ACN 073 973 430.

Potential Applicant(s)	means a person who is considering submitting a valid Application Form accompanied by Application Monies under this Prospectus.
Privacy Policy	means the Company's privacy policy, located on the website at www.pks.com.au .
Pro Forma Historical Financial Information	means the pro forma historical consolidated statement of the financial position of the Company as at 30 June 2018.
Prospectus	means this Prospectus lodged on the Prospectus Date providing disclosure of the Offers.
Prospectus Date	means the date that this Prospectus has been lodged with ASIC, being 16 April 2019.
Public Offer	means the offer of 80,650,000 New Shares to investors who are invited to subscribe for New Shares under the Prospectus to raise \$16,130,000.
Resolutions	The resolutions that the Shareholders will be asked to consider at the EGM.
Retail Applicant	means an Applicant who is not an Institutional Applicant.
RippleDown	means the CDS owned by PKS.
Section	means a section in this Prospectus.
Securities	means a Share which is the subject of the Offer, and any other right or equity interest in the Company.
Share(s)	means a fully paid ordinary share in the issued capital of the Company.
Shareholder	means a registered holder of Share(s) in the Company.
Share Purchase Agreement or SPA	means the agreement made on 5 October 2018 and as amended on or about 3 April 2019 between the Company, DPP and the shareholders of DPP.
Share Registry	means Automic Pty Ltd ABN 27 152 260 814.
Statutory Historical Financial Information	<p>means the statutory consolidated historical:</p> <ul style="list-style-type: none"> + income statements of DPP for the financial years ended 30 June 2017 and 30 June 2018 and half year ended 31 December 2018; + statements of cash flows of DPP for the financial years ended 30 June 2017 and 30 June 2018 and half year ended 31 December 2018; and + statements of financial position of DPP as at 30 June 2017 and 30 June 2018 and half year ended 31 December 2018.
Thermo Fisher	means Thermo Fisher Scientific Inc.
VWAP	means the volume weighted average market price which has the meaning given to that term in the ASX Listing Rules.

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Corporate Directory

COMPANY

Qpro Holdings Limited (to be renamed to
PKS Holdings Limited)
ACN 627 071 121

BOARD OF DIRECTORS AT LISTING^(a)

Mike Hill
Ronald Van der Pluijm
Andrew Gray
Neil Broekhuizen
Paul Williams

COMPANY SECRETARY

Andrew Bursill

REGISTERED OFFICE

c/ Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2000

ASX CODE

Proposed: PKS

WEBSITE

www.pks.com.au

JOINT LEAD MANAGERS

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

Shaw and Partners
Level 15, 60 Castlereagh Street
Sydney NSW 2000

LEGAL ADVISOR

Automic Legal Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

SHARE REGISTRY

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

INVESTIGATING ACCOUNTANT

HLB Mann Judd Corporate (NSW) Pty Ltd
Level 19, 207 Kent Street
Sydney NSW 2000

AUDITOR

HLB Mann Judd Assurance (NSW) Pty Ltd
Level 19, 207 Kent Street
Sydney NSW 2000

(a) At the EGM of the Company currently proposed to be held on 13 May 2019, Shareholders of the Company will be asked to approve, amongst other things, composition of the new Board.

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YOUR PRIVACY

Automic Pty Ltd (ACN 152 260 814) trading as Automic advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Health Club A/C>	Food Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for Ordinary Fully Paid Shares ('Shares') in Qpro Holdings Limited (to be renamed PKS Holdings Limited) (ACN 627 071 121) ('Company'), made under the terms set out in the Prospectus dated 16 April 2019. The expiry date of the Prospectus is the date which is 13 months after the Prospectus Date.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable) and an Application Form, on request and without charge.

- Shares applied for & payment amount** - Enter the number of Shares you wish to apply for. Your application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 Shares must be in multiples of 1,000 Shares (A\$200). Next, enter the amount of the Application Monies payable. To calculate this amount, multiply the number of Shares applied for by the offer price, which is A\$0.20 per Share.
- Applicant name(s) and postal address** - Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. You should refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am AEST and 5:00pm AEST should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/#/home>
- CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.
- TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- Payment** - Payments for applications made through this application form can only be made by cheque. Payment can be made by both BPAY and EFT but only by making an online application, which can be accessed by following the web address provided on the front of the application form. **Do not forward cash with this Application Form as it will not be accepted.**

Your cheque must be made payable to "Qpro Holdings Limited" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, YOU DECLARE THAT:

- you have received a paper or electronic copy of the Prospectus that accompanies this Application Form and have read the Prospectus in full and agree to be bound by the terms and conditions of the offer as declared in the Prospectus;
- all details and statements made on the form are complete and accurate;
- where information has been provided about another individual, that individual's consent has been obtained to transfer the information to the Company;
- the Company and their respective officers and agents are authorised to do anything on your behalf (including the completion and execution of documents) to enable the Shares to be allocated to you;
- you agree to be bound by the constitution of the Company;
- neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS

The Offer opens at 9.00am (AEST) on 3 May 2019 and is expected to close at 5.00pm (AEST) on 27 May 2019. The Company may elect to extend the Offer or close it (after the Offer is open) at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and cheques must be:

POSTED TO:	DELIVERED TO (during business hours only - 9am to 5pm (AEST)):
Qpro Holdings Limited C/- Automic Pty Ltd GPO Box 5193 SYDNEY NSW 2001	Qpro Holdings Limited C/- Automic Pty Ltd Level 5, 126 Phillip Street SYDNEY NSW 2000

Your Application Form must be received by Automic no later than 5.00pm (AEST) 27 May 2019

If you have any enquiries in respect of this Application, please contact Automic by either phone on 1300 288 664 (within Australia), +61 2 9698 5414 or at corporate.actions@automic.com.au.

