

Initial Public Offering of Ordinary Shares

QANTM Intellectual Property Limited
ACN 612 441 326

QANTM
INTELLECTUAL PROPERTY

PROSPECTUS

Joint Lead Manager,
Sole Underwriter & Bookrunner

BELL POTTER

Joint Lead Manager



EVANS &
PARTNERS



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IMPORTANT INFORMATION

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

Offer

This Prospectus contains an invitation by the Company and SaleCo to acquire Shares comprising respectively Sale Shares and New Shares. The Prospectus is issued by the Company and SaleCo and supports the initial public offering of the Company.

Lodgement and listing

This Prospectus is dated 9 August 2016 (**Prospectus Date**) and a copy was lodged with the Australian Securities and Investments Commission (ASIC) on that date. This is a replacement prospectus which replaces the prospectus dated 29 July 2016 and lodged with ASIC on that date (**Original Prospectus**).

The Company applied to ASX Limited (ASX) within seven days after the date of the Original Prospectus for admission of the Company to the official list of ASX and quotation of its Shares on ASX. Neither ASIC nor ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

This replacement Prospectus has been issued to clarify, supplement and amend certain information including: changing the references to 'Group 1' to 'Aggregation' in Figure 3.11 and in the accompanying note; supplementing notes 1 and 4 to Figure 5.4; and inserting ACN's for the DCC and FPA companies.

Expiry Date

This Prospectus expires on 8 September 2017, being the date which is 13 months after the Prospectus Date (**Expiry Date**) and no Shares will be allotted, issued, transferred or sold on the basis of this Prospectus after the Expiry Date.

Note to Applicants

No person is authorised to provide any information, or to make any representation, about the Company, SaleCo or the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus. Any information or representation which is not contained in the Prospectus may not be relied on as having been authorised by the Company, SaleCo, the Underwriter or any other person in connection with the Offer. Except as required by law and only to the extent so required, none of the Company, SaleCo, or the Underwriter nor any person associated with the Company, SaleCo or the Offer guarantees or warrants the future performance of the Company, the return on an investment made under the Prospectus, the repayment of capital or the payment of dividends on the Shares.

Before deciding to invest in the Company,

investors should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Company or the Shares offered under this Prospectus. The Offer does not take into account the investment objectives, financial situation or particular needs of individual investors. You should carefully consider the risks (set out in Section 4) that impact on the Company in the context of your personal requirements (including your financial and taxation position) and, if required, seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser prior to deciding to invest in the Company. No cooling off regime (whether provided for by law or otherwise) applies in respect of the acquisition of Shares under this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

Financial information presentation

Section 5 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 5.2.

Investors should note that certain financial data included in this Prospectus is not recognised under the Australian Accounting Standards and is classified as 'non-IFRS financial information' under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information (RG 230)'. The Company and SaleCo consider that this non-IFRS information provides useful information to users in measuring the financial performance and condition of the Group. The non-IFRS financial measures do not have standardised meanings under the Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be interpreted as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. Investors are cautioned therefore not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$0.1 million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Forward looking statements and statements from third parties

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

The Forecast Financial Information is an example of forward looking statements. This information is based on a number of assumptions concerning future events, including without limitation, the

successful implementation of the Company's strategy, as well as a number of assumptions and estimates relating to factors affecting its business. Investors should carefully read the information set out in Section 5.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company, SaleCo, their respective directors and management. They are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

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

These statements are subject to various risks that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Key risks are set out in Section 4. These and other factors could cause actual results to differ materially from those expressed in any statement contained in this Prospectus.

This Prospectus, including the industry overview in Section 2, uses market data and third party estimates and projections. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. The Company and SaleCo have not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risks set out in Section 4.

Foreign jurisdictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should obtain advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed or relied on by persons in the United States or to or for the account or benefit of US Persons (as defined

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

Disclaimer

None of the Company, SaleCo, the Underwriter or any other person in connection with the Offer warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

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

As set out in Section 7.15.1, it is expected that the Shares will be quoted on ASX. The Company, SaleCo, the Underwriter and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

This disclaimer does not purport to disclaim any warranty or liability which cannot be disclaimed by law.

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

Exposure Period

Under the Corporations Act, this Prospectus is subject to an exposure period of seven days after the date of lodgement of the Original Prospectus with ASIC (**Exposure Period**), which may be extended by ASIC by a further seven days.

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

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

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

Obtaining a copy of this Prospectus

Applications for Shares may be made on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.qantminvestors.com. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

The Offer under this Prospectus in electronic form is available to persons receiving an electronic version of this Prospectus within Australia. The Company is entitled to refuse an application for Securities under this Prospectus if it believes the Applicant received the Offer in electronic form outside Australia in non-compliance with the laws of the relevant foreign jurisdictions.

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

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

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

During the Offer Period any person who is not in the United States, not a US Person and is not acting for the account or benefit of any US Person may obtain a paper copy of this Prospectus by contacting the Underwriter.

Privacy

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

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

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

- the Share Registry for ongoing administration of the Company's public Share register;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- the Underwriter in order to assess your Application;
- market research companies for the purpose of analysing the Company's Shareholder base; and

- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering and advising on the Shares and for associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or its Share Registry, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the share register will be accessible by the public.

Photographs and diagrams

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

Photographs in this Prospectus may be used under licence. The downloading, republication, retransmission, reproduction or other use of those photographs other than in this Prospectus is prohibited.

Applications

By lodging an Application Form, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not accompanied by, or included in, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Detailed instructions on completing the respective Application Forms can be found on the back of the Application Forms. The acceptance of an Application Form and the allocation of Shares are at the discretion of the Company and SaleCo.

Company website

Any references to documents included on the Company's website or the Offer website (www.qantminvestors.com) are provided for convenience only, and none of the documents or other information available on either website is incorporated by reference into this Prospectus.

Currency

References in this Prospectus to currency are to Australian dollars unless otherwise indicated.

Glossary

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

Offer management

The Underwriter to the Offer is Bell Potter Securities Limited.

Investigating Accountant's Report on the Financial Information and financial services guide

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent review under the Corporations Act. The Investigating Accountant's Report and accompanying financial services guide are provided in Section 8.

KEY OFFER STATISTICS

Offer Price	\$2.22 per Share
Gross proceeds of the Offer	\$146.7 million
Total number of New Shares to be issued by QANTM under the Offer	14.3 million
Total number of Shares to be sold by SaleCo under the Offer	52.2 million
Total number of Shares on issue at Completion of the Offer	132.9 million
Total number of Shares to be held by Existing Owners at Completion of the Offer	66.5 million
Market Capitalisation at the Offer Price ¹	\$295.1 million
Pro forma net debt ²	\$14.6 million
Enterprise value at the Offer Price ³	\$309.7 million
Enterprise value/pro forma consolidated FY17 forecast EBITDA ⁴	11.3x
Offer Price/pro forma consolidated FY17 forecast NPATA per share ⁵	16.5x
Annualised forecast FY17 dividend yield at the Offer Price ⁶	4.9%

Notes

1. Equal to the total number of Shares at issue on Completion of the Offer multiplied by the Offer Price.
2. Pro forma net debt excluding finance leases and assuming zero cash balance. See Section 5.11.
3. Equal to the indicative Market Capitalisation plus pro forma net debt.
4. The Forecast Financial Information is based on assumptions and accounting policies set out in Section 5, and is subject to the key risks set out in Section 4. There is no guarantee that the Forecast Financial Information or any other forecasts will be achieved. Certain Financial Information included in this Prospectus is described as pro forma for the reasons described in Section 5.
5. This ratio is commonly referred to as a price to earnings, or PE, ratio. A PE ratio is a company's share price divided by its earnings per Share. The Forecast Financial Information is based on and subject to the assumptions and accounting policies set out in Section 5 and Appendix A and is also subject to the key risks set out in Section 4. There is no guarantee that the Forecast Financial Information or any other forecasts will be achieved.
6. Implied dividend yield is calculated as the implied dividend per Share based on the forecast payout ratio of 80% multiplied by pro forma forecast FY17 NPATA per Share, divided by the Offer Price. For more information on the Company's dividend policy, see Section 5.15.

IMPORTANT DATES

Original Prospectus lodgement date	Friday, 29 July 2016
Retail Offer opens (9:00am)	Monday, 8 August 2016
Retail Offer closes (5:00pm)	Friday, 19 August 2016
Settlement	Tuesday, 23 August 2016
Issue and transfer of Shares (Completion of the Offer)	Monday, 29 August 2016
Expected completion of dispatch of holding statements	Tuesday, 30 August 2016
Expected commencement of trading on the ASX (on a normal settlement basis)	Wednesday, 31 August 2016

Note: This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Melbourne time. The Company, by agreement with the Underwriter, reserves the right to vary any and all of the above dates and times without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No cooling-off rights apply to the Offer. The admission of the Company to the official list of ASX and the commencement of quotation of the Shares are subject to confirmation from ASX.

HOW TO INVEST

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

CHAIRMAN'S LETTER

Dear Investor

On behalf of my fellow Directors, I am pleased to invite you to read this Prospectus and become a shareholder of QANTM Intellectual Property Limited ACN 612 441 326 (**QANTM** or the **Company**). Following Listing, QANTM will be the owner of Davies Collison Cave (**DCC**) and FPA Patent Attorneys (**FPA**) (together the **Firms**). DCC and FPA are two of Australia's leading intellectual property (**IP**) firms, providing services in relation to the creation, protection, commercialisation, enforcement and management of IP to a broad range of sophisticated Australian and international clients. DCC provides services in relation to patents, designs and trade marks, and also operates a legal services group providing specialised IP legal services. FPA focuses solely on patents and designs.

The effective legal protection of IP is regarded by companies, governments and international institutions as a key component of economic growth and prosperity. The Firms operate in a growing market where demand for IP services is underpinned by increasing R&D expenditure and is critical for many companies requiring technical professional assistance. The Firms comprise 136 professionals who are highly qualified and experienced in a variety of IP related technical and legal fields, and include many leading Australian IP professionals. The Firms' professionals provide IP services to a broad range of Australian and international clients, ranging from start-up technology businesses to Fortune 500 multinationals, public research institutions and universities. If the Group had operated in CY15 it would have filed the second largest number of Australian Patent Cooperation Treaty (**PCT**) applications and Australian trade mark applications compared with any other group.⁷ In the same time period, DCC filed more Australian PCT applications and trade mark applications than any individual firm.

The Company believes the Firms each have a particular strength in servicing innovative Australian and international clients developing and looking to commercialise IP or seeking strategic advice in relation to IP matters. Servicing local clients that originate IP means the Firms are closely engaged with their clients at all stages of the IP lifecycle and ensures that the Firms' professionals maintain

their leading edge skill sets. Both Firms also see particular opportunities to grow in Asia as wealth and consumer consumption in this region continues to rise, making the region more important for multinationals and underpinning the growth of local industries. DCC has recently opened an office in Singapore which, together with assisting its international clients in respect of their IP requirements in the region, allows it to provide services to local Asian clients in respect of their own local and international IP rights.

The Company believes there are compelling reasons to combine the Firms to form QANTM and undertake the Listing, including:

- establishing a group with significant scale and diversification across clients, industries, services and geographies;
- taking advantage of a number of opportunities to increase earnings over time given the range of common business systems and processes between the Firms;
- the Australian professional IP services industry is consolidating and the Restructure and Listing provides the Group with the opportunity to participate in this consolidation and make strategic acquisitions; and
- the Firms have similar business philosophies and cultures in terms of their operational focus, highly skilled and credentialed practitioners and the provision of premium IP services and future growth strategies.

Both Firms have a history of profitability. Both have traded profitably through numerous economic cycles, including the global financial crisis (**GFC**). As at 31 March 2016, in aggregate the Firms had a total of approximately 80,000 active patent, trade mark and design cases. The long term nature of IP rights allows the Firms to generate recurring income streams from these cases throughout the IP lifecycle. The Firms do not provide services on a 'no win no fee' basis, and invoice frequently to ensure that WIP is kept to a minimum. The Firms have a history of strong cash flow conversion, issuing over 63,000 invoices in aggregate throughout FY15. In FY15, no client represented more than 2% of the Firms' total aggregate revenue and many of the Firms' major clients have had relationships with at least one of the Firms for over 20 years. QANTM has forecast pro-forma revenue CAGR of 9.0% and pro-forma EBITDA CAGR of 26.3% between FY14A and FY16F. The Company is expecting continued growth, forecasting pro-forma FY17 EBITDA growth of 8.3%.⁸

7. The PCT filing statistics presented in this Prospectus have been generated from WIPO data available on 1 July 2016. Patent applications are generally not published until at least 18 months from the earliest filing date. Accordingly, the total number of PCT applications filed in any 12 month period may not be known until 18 months or more subsequent to the conclusion of that period.

8. Please refer to Section 5 for the key assumptions and sensitivities and Section 4 for the key risks underlying the forecasts.

"On behalf of the Board, I commend this Offer to you and look forward to welcoming you as a Shareholder."



The Company sees a range of future earnings growth opportunities including the Firms' continued expansion into Asia utilising DCC's experience and information, communication and technology (ICT) infrastructure, taking advantage of a number of synergies identified across the two Firms, ongoing opportunities for automation, a more favourable local innovation environment, emerging technologies and the potential to expand by acquisition in Australia and Asia.

QANTM is offering to issue approximately 13.9 million new Shares at a price of \$2.22 per Share to raise \$30.8 million (before costs). In addition, SaleCo is offering approximately 52.2 million Shares for sale at a price of \$2.22 per Share for total consideration of approximately \$115.8 million, with the net proceeds to be paid to the Existing Owners. Following Completion of the Offer, the Existing Owners will own approximately 50% of QANTM. The offer of Shares is fully underwritten by the Underwriter. The Existing Owners have all entered into voluntary escrow arrangements in relation to all of their remaining Shares held immediately after Listing for a period of two years from Listing. The Existing Owners will continue as Principals of the Firms and have entered into three year employment agreements to continue revenue generation. It is also proposed that separate trusts be established by the Firms to fund the acquisition of Shares by selected employees under the Offer, as part of the Firms' reward and retention policies. These Shares will also be subject to a two year escrow period from Listing.

The Company will use the funds it raises from the issue of New Shares to repay Company debt, including amounts owed to Existing Owners, strengthen its balance sheet, and pay the costs of the Offer. Listing will provide the Firms with increased financial flexibility to pursue their growth strategies, enhanced governance and management, the ability to attract and retain high quality professionals, and the opportunity to invest further in cost saving administrative and ICT systems.

Detailed information about the Offer and the financial and operating performance of the Group is set out in this Prospectus. An investment in QANTM carries a degree of risk. The key risks associated with an investment in QANTM are highlighted in Section 4 and include: foreign exchange fluctuations due to a significant amount of the Company's revenue being denominated in US dollars; competition from other IP service providers; regulatory risks which relate to the prospect of Australian and international changes to the

IP regulatory environment; technology risks relating to the Firms' reliance on their ICT systems; personnel risk which relates to the Firms' reliance on their key employees to generate revenue and the risks associated with common ownership of the Firms following the Restructure and Listing. I encourage you to read the Prospectus carefully and in its entirety before making your investment decision, and to seek appropriate legal, financial and taxation advice.

To apply for Shares, you will need to fill out the relevant paper or electronic Application Form attached to this Prospectus. If you have any questions about how to apply for Shares, please call the QANTM Offer Information Line on 1300 638 215 (within Australia) or +61 03 9415 4024 (outside Australia) from 9.00am until 5.00pm (Melbourne time) Monday to Friday during the Offer Period. The Offer is expected to close at 5.00pm (Melbourne time) on Friday, 19 August 2016.

On behalf of the Board, I commend this Offer to you and look forward to welcoming you as a Shareholder.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Richard England".

Richard England
Chairman

1

INVESTMENT OVERVIEW



1.1. BUSINESS OVERVIEW

Topic	Summary
What is QANTM?	<p>Following Listing, QANTM will own 100% of DCC and FPA (the Firms), which are two of Australia's leading IP firms.</p> <ul style="list-style-type: none">— DCC was established over 130 years ago, and is one of Australia's largest IP firms, providing patent and design, trade mark and legal services.— FPA was established in 1994 and since that time it has had a relationship with the Freehills partnership. In 2012, the FPA partnership adopted a separate management structure and entered into a formal relationship agreement with the Freehills partnership. FPA provides services in relation to patents and designs. <p>The Firms offer their clients a suite of IP related services associated with the creation, protection, commercialisation, enforcement and management of IP rights.</p> <p>The Firms will continue to operate as Separate Businesses following Listing.</p> <p>For more information, see Section 3.1</p>
What are IP rights?	<p>IP rights are legal devices which protect the output of intellectual creativity in the industrial, scientific, literary and artistic fields, such as inventions, works of art and literature, and product designs. In addition, IP rights include marks and logos used in connection with products and/or services, and which distinguish them from similar products and/or services from other sources.</p> <p>Of the legally recognised categories of IP rights, some require registration including patents, trade marks, designs and plant breeders' rights. Other IP rights which do not require registration include copyright, trade secrets, confidential information and integrated circuit layouts.</p> <p>For more information, see Section 2</p>
Why is IP and IP protection important?	<p>Patents, registered designs and copyright are the principal means for establishing ownership rights to inventions and other works, and provide a legal foundation for generating tangible benefits to individuals, businesses and the international economy. Trade marks enable entrepreneurs and businesses to protect the goodwill and reputation they have developed in relation to their products and/or services. The intangible assets that IP rights represent are often critically important to entities ranging from SMEs to research institutions, universities and multinational corporations.</p> <p>For more information, see Section 2.3</p>

SECTION 1 INVESTMENT OVERVIEW

Topic	Summary
How do the Firms generate revenue?	<p>The Firms generate revenue by providing services associated with the creation, protection, commercialisation, enforcement and management of IP rights. Due to the long term nature of the IP lifecycle, the Firms are able to generate recurring revenue from their clients over a relatively long period.</p> <p>In respect of clients seeking IP protection, generally, the majority of fees are generated during the initial filing and prosecution phase of the patent or trade mark process. In addition, the Firms also typically generate revenue through ongoing patent or trade mark renewals which can be up to 20 years or more for patents and indefinitely for trade marks. Where IP oppositions or infringements arise, they can also generate substantial revenue for the Firms.</p> <p>In addition, a significant portion of the Firms' revenue is generated outside of the IP application process. Clients engage the Firms to provide strategic IP advice regarding their IP portfolio or that of their competitors. Such strategic advice assists the Firms' clients in identifying potential opportunities for IP protection.</p> <p>As at 31 March 2016, in aggregate, the Firms had a total of approximately 80,000 active patent, trade mark and design cases at various points in the IP lifecycle from which they can generate revenue.</p> <p>The Firms do not provide services on a 'no win no fee' basis, and invoice frequently to ensure that WIP is kept to a minimum. The Firms' 136 professionals generated \$73.7 million in Service Charges, and issued over 63,000 invoices in aggregate throughout FY15.</p> <p>For more information, see Sections 3.3 and 3.4</p>
Who are the Firms' clients?	<p>The majority of the Firms' income is generated from corporate clients located in the US, EU, Japan and Australia, and can be broadly divided into three groups:</p> <ul style="list-style-type: none"> — local clients, which include Australian and New Zealand based corporates, public sector research institutions, universities and private individuals; and — international clients which include: <ul style="list-style-type: none"> – direct foreign corporates, being international clients that are engaged directly by the Firms and include Fortune Global 500 companies and other foreign multinational corporations; and – Foreign Associate clients, which are international clients referred to the Firms by Foreign Associates. <p>In FY15, local clients represented 37% of the Firms' aggregate Service Charges, direct foreign corporates represented 36%, and Foreign Associate clients represented 27%.</p> <p>For more information, see Section 3.6</p>
Where are the Firms' operations?	<p>DCC's primary offices are located in Melbourne, Sydney, Brisbane and Singapore. DCC also has a presence and ongoing access to offices in Newcastle, Geelong, Greater Western Sydney, Hobart, Launceston, Adelaide and Canberra.</p> <p>FPA has offices in Melbourne and Sydney which service its entire local and international client base.</p> <p>Each Firm services a broad base of clients across numerous jurisdictions. The Firms' principal market is Australia where each Firm services both local and international clients. In jurisdictions outside of Australia, New Zealand and, in the case of DCC, Singapore, the Firms typically service their clients using Foreign Associates.</p> <p>For more information, see Section 3.5</p>

Topic	Summary
Who are the Firms' competitors?	<p>The Firms' key competitors include:</p> <ul style="list-style-type: none"> — other large specialist IP services firms; — smaller specialist IP services firms and sole practitioners; — IP groups within commercial law firms; and — niche providers of specific services such as IP renewal and PCT national phase entry service providers. <p>For more information, see Section 3.7</p>
What is the Group's position in the Australian market?	<p>Both Firms are among the leading providers of IP services in the Australian market. There is no true measure of market position given the broad range of services the Firms provide. The number of patent or trade mark applications filed by the Firms in Australia provides a measure of one segment of the market but does not capture the substantial revenue generated by the Firms from filing applications overseas or the provision of strategic advice and opposition or infringement engagements.</p> <p>The Firms compete against a range of individual firms, some of which have recently combined to form a group with a common ownership structure.</p> <p>In CY15, DCC:</p> <ul style="list-style-type: none"> — filed more Australian PCT applications than any other individual firm; — filed more Australian trade mark applications than any other individual firm; and — filed the second largest number of Australian patent applications by any individual firm. <p>In CY15, the two Firms in aggregate:</p> <ul style="list-style-type: none"> — filed the second largest number of Australian PCT applications by any group; — filed the second largest number of Australian trade mark applications by any group; and — filed the second largest number of Australian patent applications by any group. <p>The listed group that filed the most PCT applications, Australian trade mark applications and Australian patent applications in CY15 now includes four individual Australian patent attorney firms.</p> <p>The Company believes that DCC's legal services practice is one of the leading specialist IP law practices in Australia.</p> <p>For more information, see Section 3.7</p>

1.2. INVESTMENT HIGHLIGHTS

Topic	Summary
Owner of two of Australia's leading IP firms	<p>DCC was established over 130 years ago and is one of Australia's largest specialist IP firms. DCC has 106 professional employees across patents and designs, trade marks and legal services.</p> <p>FPA is a specialist patent and design services firm. FPA has 30 professional employees.</p> <p>Both Firms have long operating histories, professional staff that include leading Australian IP professionals, numerous industry awards and client bases that include leading international companies, a broad network of Foreign Associates, blue chip Australian companies, research institutions and universities.</p> <p>For more information, see Section 3.2</p>

SECTION 1 INVESTMENT OVERVIEW

Topic	Summary
<p>Compelling reasons in combining the Firms and Listing</p>	<p>The Company believes that there are compelling reasons in corporatising and combining DCC and FPA to form the Group and Listing, including:</p> <ul style="list-style-type: none"> – the establishment of QANTM will create a group of significant scale and diversification in terms of clients, industries, services and geographies that will provide a stronger platform to service the growing IP services market; – there are a number of opportunities to increase earnings over time given the range of common business systems and processes across the two Firms and a number of potential synergies have been identified; – the Australian professional IP services industry is consolidating and the Restructure and Listing will provide the opportunity to participate in this consolidation; – a corporate structure is seen as more efficient and effective in terms of ongoing governance; – Listing will also provide the Group with advantages associated with its increased scale and financial flexibility, including: <ul style="list-style-type: none"> – the ability to use equity to attract and retain professional staff including the ability to provide professionals with equity stakes sooner than might be the case in a partnership; and – the opportunity to undertake complementary strategic acquisitions given the Group's increased financial flexibility and access to capital. <p>An important factor in deriving these benefits is that the Firms share common business philosophies and cultures, including their commitment to quality clients, highly skilled and credentialed practitioners and the provision of premium IP services.</p> <p>For more information, see Section 3.11</p>
<p>Market leading positions</p>	<p>In CY15, DCC:</p> <ul style="list-style-type: none"> – filed more Australian PCT applications than any other individual firm; – filed more Australian trade mark applications than any other individual firm; and – filed the second largest number of Australian patent applications compared to any individual firm. <p>In CY15, the two Firms in aggregate:</p> <ul style="list-style-type: none"> – filed the second largest number of Australian PCT applications by any group; – filed the second largest number of Australian trade mark applications by any group; and – filed the second largest number of Australian patent applications by any group. <p>The Company believes that DCC's legal services practice is one of the leading specialist IP law practices in Australia.</p> <p>The Firms have broad portfolios of active matters with blue chip local and international clients that will require examination, maintenance and renewal over future years. As at 31 March 2016, in aggregate the Firms had a total of over 80,000 active patent, trade mark and design cases at various points in the IP lifecycle, and a range of matters involving litigation and strategic advice.</p> <p>For more information, see Sections 3.4 and 3.7</p>

Topic	Summary
Quality, diverse and longstanding client base	<p>Both Firms have high quality international clients that include blue chip multinationals primarily based in the US, EU and Japan. As at 30 April 2016, the Firms had active matters for over 85 Fortune Global 500 companies.</p> <p>The Firms also have strong local client bases that include ASX 100 companies, leading research institutions and universities.</p> <p>In FY15, the largest client across the two Firms represented 2% of aggregate FY15 Service Charges and the top 20 clients represented 20%.</p> <p>Of the Firms' top 20 clients by aggregate FY15 Service Charges, 16 have been clients of at least one of the Firms (or their predecessor in the case of FPA) for more than 15 years.</p> <p>For more information, see Section 3.6</p>
Attractive industry dynamics	<p>The IP services industry has a strong link to ongoing investment in R&D by corporates and publicly funded institutions. IP rights are intangible assets that, in many cases are the most valuable assets of companies ranging from start-ups to major multinationals. Investment in the protection of IP rights is considered essential by many of these companies.</p> <p>IP is a sovereign right of individual countries and therefore requires local expertise in each jurisdiction. It also has a long lifecycle, which supports the generation of long term, predictable earnings for the Firms.</p> <p>In Australia approximately 28,600 patent applications and 73,200 trade marks applications were filed in CY15. Filing numbers have grown at a CAGR of 3.6% and 4.2% respectively between CY95 and CY15. Often these filings, particularly patents, result in a number of years of ongoing work before IP rights are granted and then a long tail of potential revenue for the Firms through renewals and potentially enforcement actions.</p> <p>For more information, see Section 2.5</p>
Asia opportunity	<p>The Company believes that there is currently a favourable environment for established and reputable IP services firms in Asia. Multinational corporates are increasingly seeking to establish distribution and operations in Asian countries as these economies continue to grow and industrialise.</p> <p>Both Firms are focused on Asia as a growth opportunity and the opening of DCC's Singapore office provides the potential to accelerate this growth. The Group's strategy involves:</p> <ul style="list-style-type: none"> — managing clients' Asian IP portfolios and filings, building on the Firms' existing relationships with clients and Foreign Associates throughout Asia; and — building a local origination presence, replicating the Firms' originating client strategy in Australia and drawing on the Firms' technical expertise. <p>Each of the Firms have achieved early success with large multinational clients in the Asian IP services market.</p> <p>There is the opportunity for FPA to leverage DCC's knowledge of the Singaporean regulatory and commercial environment as well as the established back office and ICT infrastructure in Singapore.</p> <p>For more information, see Section 3.11.2</p>

SECTION 1 INVESTMENT OVERVIEW

Topic	Summary
Strong financial performance	<p>The Company has a number of attractive financial attributes:</p> <ul style="list-style-type: none"> — DCC has a long history of trading profitably through various economic cycles, including the GFC; — FPA has traded as a profitable practice since at least 2000 and has continued to trade profitably since it adopted a separate management structure in 2012; — regular invoicing of clients means the Firms have low WIP and combined with minimal capital expenditure requirements, this leads to strong cash flow conversion; — QANTM is forecasting pro-forma revenue CAGR of 9.0% and pro-forma EBITDA CAGR of 26.3% between FY14A and FY16F. The Company is expecting continued growth, forecasting pro-forma FY17 EBITDA growth of 8.3%¹; and — the Firms both have significant pipelines of patent and (in the case of DCC) trade mark cases at various stages of the IP lifecycle which will generate revenues over a number of years to come. <p>For more information, see Section 5</p>
Significant earnings growth opportunities	<p>The Company believes the Firms have significant earnings growth opportunities, which include:</p> <ul style="list-style-type: none"> — opportunities resulting from combining the two Firms, as they share a range of common business processes, including identified synergies; — the Asian expansion opportunity; — ongoing automation and the continuous development and improvement of DCC's ICT systems to drive further cost savings and efficiencies shared across the Firms; — the potential acquisition of complementary firms and businesses or attracting senior professionals from competing firms; — a favourable local environment given the Australian Government's National Innovation and Science Agenda; and — IP rights generated through emerging fields of technology. <p>For more information, see Section 3.11</p>
Experienced professional staff, management and Board	<p>The Firms have developed and invested in a multidisciplinary team of professionals with high levels of technical expertise and experience including some of the leading IP professionals in Australia.</p> <p>In aggregate, the Group will have over 373 employees, including:</p> <ul style="list-style-type: none"> — 136 IP professionals including 96 patent attorneys; — a highly technically qualified team, with 44 PhDs; and — a number of professionals who have taken active roles on industry bodies, have authored industry publications and been awarded industry awards. <p>To provide leadership, the Company has assembled a Board with diverse and complementary skill sets and experience across public companies, professional services businesses, Asia and other relevant sectors.</p> <p>For more information, see Section 3.8 and 6.1</p>

¹ Please refer to Section 5 for the key assumptions and sensitivities and Section 4 for the key risks underlying the forecasts.

1.3. SUMMARY OF KEY RISKS

Topic	Summary
Foreign exchange	<p>A substantial portion of the Firms' revenues and cash flows are generated in USD. The majority of the Firms' key expenses, including rent and wages, are payable in AUD. Accordingly, any appreciation of the AUD against the USD as well as other adverse exchange rate movements, could have an adverse effect on the Company's future financial performance and position, including during the forecast period. If the AUD appreciates against the USD, the Firms' cash receipts in AUD could be lower which could result in lower net profits for the Company.</p> <p>DCC has historically used hedging to reduce the impact of currency movements on USD denominated invoices between the time of invoicing and receipt of payment. Following Listing, the Group will use selective hedging where appropriate to set or cap the USD to AUD conversion rate.</p> <p>For more information, see Section 4.2.1</p>
Competition	<p>The IP services marketplace</p> <p>The market for the provision of IP related services is subject to vigorous competition. Patent and trade marks attorneys and lawyers generally compete with one another on factors such as price, responsiveness, range of services available and quality of service.</p> <p>The Firms' competitive position may deteriorate as a result of factors including actions by existing competitors, the entry of new competitors, or a failure by the Firms to meet changing market conditions, client demands and changes in the technology environment. Following Listing, the Firms will continue to operate as Separate Businesses and in certain circumstances may compete for the same clients. Any changes in the Firms' competitive position or the competitive landscape may result in a decline in Service Charges and margins, which may have a material adverse effect on the Company's future financial performance and position.</p> <p>Loss of key clients</p> <p>The loss of one or more key clients may have a negative impact on the Company's financial performance. Loss of a key client may occur for any number of reasons beyond the control of the Firms, including change in a client's management, insolvency, corporate takeover activity, aggressive pricing by competitors or dissatisfaction with services provided by the Firms. The departure of a key client may adversely affect the financial performance of a Firm.</p> <p>Loss of key Foreign Associate relationships</p> <p>The Firms have a number of undocumented referral arrangements with IP firms in other jurisdictions including the US, EU and Japan. Given the informal nature of these relationships, competing firms in the Australian IP market may seek to establish referral relationships with one or more of the Firms' existing Foreign Associates. This may adversely affect the financial performance of the Company.</p> <p>Client insourcing of IP services</p> <p>A significant portion of the Firms' revenues are derived from large corporate clients. In an effort to control costs some of these clients may in the future look to perform an increasing portion of their IP related work internally. Such initiatives from clients who previously outsourced such work to the Firms may adversely affect the Company's financial performance.</p> <p>For more information, see Section 4.2.2</p>

SECTION 1 INVESTMENT OVERVIEW

Topic	Summary
Personnel	<p>Loss of key staff</p> <p>The Firms are knowledge based professional services businesses. Accordingly, the performance and retention of their professional employees is central to the Company's ongoing financial performance. The Australian market for highly skilled IP professionals is competitive. The loss of any of the Firms' key personnel may have an adverse impact on the Company. In addition, the departure of key personnel may result in the subsequent loss of key clients and other employees.</p> <p>The Restructure and Listing will result in a significant change to the manner in which the Principals are remunerated and incentivised. These changes may have an adverse impact on the Firms' ability to attract, retain and motivate their Principals and employees on their performance in their respective roles which may, in turn, have an adverse impact on the Company's financial performance.</p> <p>For more information, see Section 4.2.3</p>
Regulation	<p>Any changes to Australian or international legislation, regulations, treaties, conventions, guidelines or the general law in relation to the IP regime has the potential to adversely affect the Firms' ability to generate revenue. The risks described below are those that the Company believes are most relevant to the Company's businesses.</p> <p>Disintermediation</p> <p>Disintermediation refers to the role of a patent attorney in acting on behalf of a client through the IP application and registration process. Under current regulations, patent attorneys in Australia have the exclusive right to provide certain IP services in relation to patent applications and patents. Any change to these requirements could result in IP applicants and Foreign Associates dealing directly with the Australian IP offices.</p> <p>Productivity Commission – Draft report on Australia's IP arrangements</p> <p>The Productivity Commission published a draft report on Australia's IP arrangements in April 2016 (Draft Report). Included in the Draft Report are recommendations to introduce an objects clause into the Patents Act, raise the level of inventive step required for a standard patent, modify the manner in which pharmaceutical patent term extensions are granted, repeal the innovation patent system, exclude business methods and software from being patentable subject matter, make various amendments to the Trade Marks Act, and carry out a cost and benefits analysis before committing to join the Hague Agreement, an international registration system for designs.</p> <p>The proposed changes in the Draft Report could impact the Firms' revenues, but the likelihood or timing of this occurring and the ultimate impact is uncertain at the date of this Prospectus.</p> <p>Electronic Patent Co-operation Treaty (e-PCT)</p> <p>The e-PCT is an online filing system that enables applicants to file PCT applications online. An extension of the e-PCT online filing system has been under consideration by WIPO for several years. A pilot program of an e-PCT extension is currently being proposed.</p> <p>Following meetings of the PCT Working Group in May 2016, WIPO has announced that it will carry out a pilot study by deploying a 'proof of concept' system for preparing national phase entry applications to the e-PCT 'demo environment'.</p> <p>If the e-PCT extension was implemented and widely adopted by Foreign Associates and foreign corporates, there would be a risk that the Firms' revenue generation through national phase filings could be adversely affected.</p> <p>At the date of this Prospectus, there is no planned implementation date for the pilot study or an extension of the e-PCT system to national phase applications.</p> <p>For more information, see Section 4.2.4</p>

Topic	Summary
Technology	<p>The Firms rely on their ICT networks and systems, including the internet, to process, transmit and store electronic and financial information, to manage a variety of business processes and activities such as client documents, communication with clients and regulators, financial management and reporting, database management and to comply with regulatory, legal and tax requirements. The Firms also depend on their ICT infrastructure for electronic communications among personnel, clients, regulators and Foreign Associates around the world.</p> <p>If the Firms' ICT systems suffer severe damage, disruption or shutdown and the issues are not effectively resolved in a timely manner, then the Company's revenue, financial condition and results of operations may be materially and adversely affected and the Company may breach regulatory requirements.</p> <p>Any failure of the Firms' ICT systems may result in the inability to file or prosecute the IP rights of their clients within statutory deadlines. Such a failure could result in the Firms' clients forfeiting IP rights to which they would have otherwise been entitled. These events could lead to financial loss for the Company in the event that aggrieved clients initiate legal action against the Company or a Firm. Depending on the circumstances the Company's or Firm's insurance may be insufficient to cover some or all of the loss incurred.</p> <p>From Listing, FPA will begin the process of migrating all of its data, systems and processes to the Company's ICT platform under the arrangements set out in Section 9.6(e). While precautions will be taken there is a risk that this data migration will result in business disruption and potential temporary or permanent loss or damage to FPA's and FPA's clients' data.</p> <p>For more information, see Section 4.2.5</p>
Common ownership	<p>The Firms will continue to operate as Separate Businesses following the Restructure and Listing. Following Listing, and in accordance with professional conduct laws and regulations, the Firms will maintain strict standards of confidentiality in relation to client information.</p> <p>There is a risk that some clients may have a commercial concern as a result of DCC and FPA being jointly owned by QANTM. While the Firms will be operated as Separate Businesses, a client of DCC may, for example, take the commercial view that there is a conflict given FPA acts for one of its competitors. Similarly, a client might have engaged or wish to engage the two Australian firms to provide it with some diversity in IP services, and take the view that common ownership does not provide this diversity. Such perceived conflicts may result in the Firms losing a client or failing to attract some new clients.</p> <p>For more information, see Section 4.2.6</p>
FPA arrangements with HSF and EHSA	<p>FPA has a relationship with HSF which will be governed from Listing by the FPA Relationship Deed.</p> <p>FPA has a relationship with EHSA which will be governed from Listing by the FPA Transitional Services Agreement.</p> <p>Any substantial change or termination of the FPA Relationship Deed and/or the FPA Transitional Services Agreement may mean the benefits to FPA under those agreements will be reduced or cease.</p> <p>For more information, see Sections 4.2.7, 9.6(d) and 9.6(e)</p>

SECTION 1 INVESTMENT OVERVIEW

Topic	Summary
Acquisitions and geographic expansion	<p>The inherent risk with any business acquisition is that the underlying assets do not ultimately produce the financial returns that the acquirer anticipates. In addition, the acquisition of an existing business involves a risk of unknown or unanticipated liabilities being revealed following completion.</p> <p>DCC recently opened an office in Singapore. There is a risk that DCC's Singapore office may not be able to successfully generate sufficient revenue in the Singapore market for it to be profitable in its own right. If DCC's expansion into Singapore proves unsuccessful the Group's financial position may be adversely affected and may impair the Company's proposed expansion into Asia.</p> <p>For more information, see Section 4.2.8</p>
Change in structure	<p>The Firms are transitioning from private partnerships and companies into a listed public company. As a listed entity, the Company will be subject to strict standards of financial management and reporting, corporate governance and operating requirements. New governance arrangements, policies and processes will be put in place at the date of Listing. However, there is a risk that the Company may not adequately manage and deploy the necessary resources to manage the changes in governance and financial management and reporting standards.</p> <p>Following the Restructure and Listing, the Firms will share a common ownership structure and Board with integration of back office functions to occur over time. There is a risk that the integration of FPA and DCC may be unsuccessful from a cultural perspective or may not meet the financial expectations of the Company. In addition, there is a risk that unknown or unanticipated liabilities of FPA, DCC or the Principals may be revealed following the Restructure. If the integration of FPA or DCC is unsuccessful or if unanticipated liabilities are revealed there is a risk that the financial position and performance of the Company may be adversely affected.</p> <p>For more information, see Section 4.2.9</p>
Concentration of shareholding	<p>Following Completion of the Offer, the Existing Owners will hold approximately 50% of the Shares. Accordingly, these parties will continue to be in a position to exert significant influence over the outcome of matters relating to the Company, including the election of Directors and as a result, the consideration of material Board decisions. Although the interests of the Company, the Existing Owners and other Shareholders are likely to be aligned in most cases, there may be instances where their respective interests diverge.</p> <p>For more information, see Section 4.2.10</p>
Professional duties and Shareholders' interests	<p>In Australia, patent and trade marks attorneys are required to abide by a code of conduct that requires them to act in accordance with the law, in the best interests of their client, in the public interest and in the interests of the registered attorney's profession as a whole. Similar duties exist in respect of patent attorneys in Singapore. There may be circumstances in which the Company is required to act in accordance with these duties contrary to other corporate responsibilities and against the interests of Shareholders and the short term profitability of the Company.</p> <p>As with every Australian legal practice, DCC and the solicitors undertaking work in its legal practice have duties to the Court and duties to their clients. These duties prevail over the Company's duties to Shareholders. There may be circumstances in which the solicitors of the legal practice of the Company are required to act in accordance with their duties to the Court or their duties to their clients and contrary to other corporate responsibilities and against the interests of Shareholders and the short-term profitability of the Company.</p> <p>For more information, see Section 4.2.12</p>

1.4. SUMMARY OF KEY FINANCIAL INFORMATION

Topic	Summary						
What is the key financial information and key financial ratios?		Pro Forma Historical		Pro Forma Forecast	Pro Forma Forecast	Statutory Forecast	Statutory Forecast
	A\$ million	FY14	FY15	FY16	FY17	FY16	FY17
	Revenue	90.1	97.1	107.0	112.1	0.0	107.2
	EBITDA	15.9	20.9	25.4	27.5	(1.4)	22.7
	EBITA	15.2	20.2	24.6	26.5	(1.4)	21.8
	NPATA	10.0	13.5	16.6	17.9	(1.4)	14.6
	NPATA per Share (cents)			12.5	13.5	(1.0)	11.0
	NPAT	9.0	12.5	15.6	16.9	(1.4)	13.8
	Note: Refer to Section 5 for key assumptions and accounting policies and Section 5.6 for a reconciliation between statutory and pro forma financial information.						
	Key financial ratios						
	Enterprise value/pro forma FY17 forecast EBITDA	11.3x					
	Enterprise value/pro forma FY17 forecast EBITA	11.7x					
Offer Price/pro forma consolidated FY17 forecast NPATA per Share	16.5x						
FY17 annualised dividend yield	4.9%						
Key financial leverage ratios							
Pro forma net debt/pro forma FY17 forecast EBITDA	0.5x						
Pro forma FY17 forecast EBITDA/pro forma FY17 interest expense	29.0x						
Pro forma FY17 forecast EBITA/pro forma FY17 interest expense	28.0x						
For more information, see Section 5							

1.5. DIRECTORS

Topic	Summary
Who are the Directors of QANTM and what is their experience?	<p>Richard England, Independent Non-Executive Chairman FCA, MAICD</p> <p>Richard is currently chairman of Ruralco Holdings Limited. In addition, Richard is a non-executive director of Macquarie Atlas Roads Limited, Nanosonics Limited and Japara Healthcare Limited.</p> <p>Richard was formerly a partner at Ernst & Young from 1988 to 1994 and a consultant until 2003.</p> <p>Richard is a Fellow of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors.</p>
	<p>Leon Allen, Managing Director BSC (Hons), Patent Attorney</p> <p>Leon joined DCC in 1995 and has been managing partner of DCC since 2011.</p> <p>Leon is a past president of Patent and Trade Marks Attorneys of Australia having served on its Council from 1992 to 2013. Leon has served two terms on the Advisory Council on Intellectual Property to the Federal Government, the second as chair. Leon is a Fellow of the International Federation of Patent Attorneys Academy of Education, teaching patent drafting in Europe and a Senior Fellow of the University of Melbourne.</p>

SECTION 1 INVESTMENT OVERVIEW

Topic	Summary
Who are the Directors of QANTM and what is their experience? <i>continued</i>	<p>Cameron Judson, Independent Non-Executive Director BA, MBA</p> <p>Cameron is currently joint CEO of McGrath Limited. Cameron was previously CEO and managing director of Chandler Macleod Group Limited from 2012 to July 2015. Cameron began working for Chandler Macleod in 2005, and held various operational and executive roles.</p> <p>Cameron holds a Bachelor of Arts from the University of NSW and a Masters of Business Administration (Executive) from the Australian Graduate School of Management.</p> <p>Sonia Petering, Independent Non-Executive Director LLB, B.Com, FAICD</p> <p>Sonia is currently a director of Virtus Health Limited and TAL Dai-ichi Australia Pty Ltd. Sonia previously served on the boards of the Transport Accident Commission and Rural Finance Corporation where she was chair of the board from 2009 to June 2016.</p> <p>Sonia has also chaired various board committees including audit and risk, marketing and road Safety, remuneration and capability committees.</p> <p>Sonia is an experienced corporate lawyer who commenced her own legal practice in 2001.</p> <p>Sonia holds a Bachelor of Laws and a Bachelor of Commerce from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.</p> <p>Abigail Cheadle, Independent Non-Executive Director B.Bus, Chartered Accountant</p> <p>Abigail is a chartered accountant with over 20 years' experience working in Australia, Asia, Middle East and Europe. Abigail has established and/or managed successful professional services practices in Asia, including: being an executive director and managing director of Kroll, South East Asia; an executive director, Partner and Head of Forensics at KordaMentha in Asia; lead director of Forensics at Deloitte Singapore; and Head of Forensic Accounting Service Line for Asia Pacific for Ernst & Young.</p> <p>Abigail is currently chief executive officer of CompletePlace Pty Ltd, an emerging property software and services business.</p> <p>For more information, see Section 6.1</p>

1.6. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

Topic	Summary
What significant benefits and interests are payable to Directors and other persons connected with the issuer or Offer?	<p>On Completion of the Offer, the number of Shares held by the Directors is expected to be as follows:</p> <ul style="list-style-type: none"> — Richard England, 135,134 Shares — Leon Allen, 2,037,227 Shares — Cameron Judson, 45,044 Shares — Sonia Petering, 45,044 Shares — Abigail Cheadle, 90,090 Shares <p>Final Directors' Share holdings will be notified to the ASX on Listing. Directors may hold their interests in securities shown above directly, or indirectly through holdings by companies or trusts. The shareholdings above include the NED Bonus Shares to be issued to Non-Executive Directors, as described in Section 6.4.2.5.</p> <p>Leon Allen has entered into an employment contract with the Group, as set out in Section 6.4.3.</p> <p>Other Directors are entitled to remuneration and fees on ordinary commercial terms.</p> <p>Advisers and other service providers are entitled to fees for services.</p> <p>For more information, see Section 6.4</p>

Topic	Summary
Who are the owners of QANTM and are they retaining an interest?	<p>On Completion of the Offer and IPO, the Existing Owners will hold a total of 66.5 million Shares, representing approximately 50% of the total Shares on issue at that time.</p> <p>The Existing Owners have entered into escrow arrangements in relation to all the Shares they will retain following Listing (Escrowed Shares). These Shares will be subject to escrow restrictions for two years from Listing. Similarly, the Shares issued under the Scheme will be subject to escrow restrictions for two years from Listing.</p> <p>In addition, the Existing Owners are entitled to receive from the Company:</p> <ul style="list-style-type: none"> — a repayment of partner loans expected to total approximately \$21.8 million across the two Firms; and — a distribution expected to total approximately \$4.1 million across the two Firms, representing their undistributed profit entitlements in the Firms immediately prior to the Restructure. <p>For more information, see Section 7</p>
What is the Restructure?	<p>In connection with the Listing, the Firms propose to undertake the Restructure.</p> <p>Currently and prior to the Restructure, the Firms' respective operations are undertaken through separate partnerships. Following the Restructure, the Company will own DCC and FPA. The Restructure will be conditional on meeting all other requirements for Listing (other than the Restructure itself). The Principals will each have similar employment arrangements with the Group.</p> <p>For more information, see Section 9.4</p>

1.7. KEY TERMS AND CONDITIONS OF THE OFFER

Topic	Summary
Who is the issuer of this Prospectus?	<p>QANTM Intellectual Property Limited ACN 612 441 326 and QANTM SaleCo Limited ACN 612 551 907.</p> <p>For more information, see Section 7</p>
What is the Offer?	<p>This Prospectus relates to an initial public offer of up to 66.5 million Shares, comprising the issue of 14.3 million New Shares by the Company and the sale of 52.2 million Shares by SaleCo, subject to the Restructure. The Shares being offered will represent approximately 50% of the total Shares on issue following Listing.</p> <p>For more information, see Section 7.1</p>
What is the purpose of the Offer?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> — provide the Company with increased financial flexibility and the ability to execute its growth strategies through improved access to capital markets; — achieve a listing on the ASX to broaden the Company's shareholder base and provide a liquid market for its Shares; — provide an opportunity for Existing Owners to partially monetise their investment; — take advantage of regulatory reforms which allow for the corporatisation of patent attorney practices; and — provide an improved capacity to attract and retain quality staff through short and long-term employee incentives. <p>For more information, see Section 7.4</p>

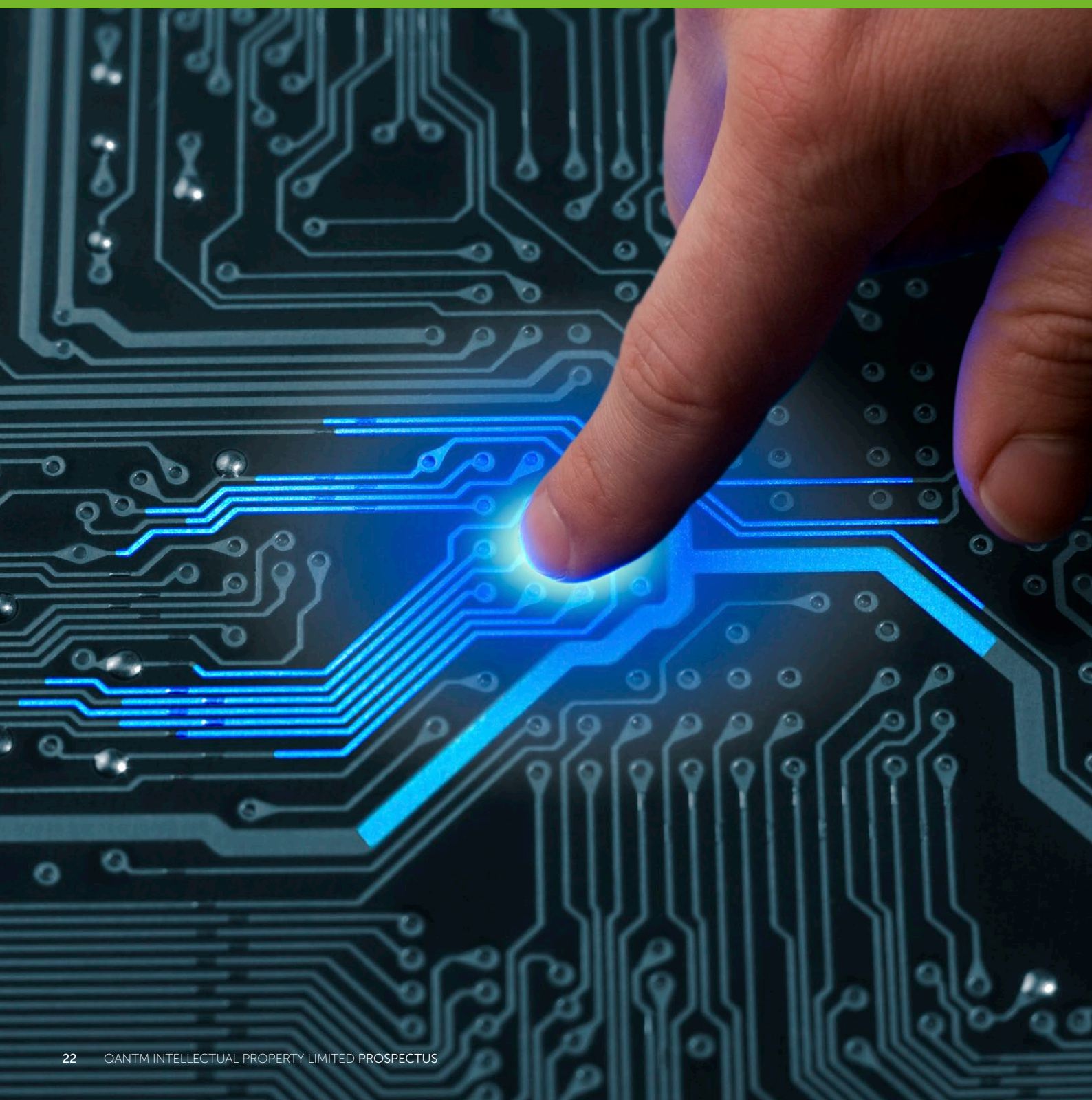
SECTION 1 INVESTMENT OVERVIEW

Topic	Summary																		
How much will be raised by the Offer?	<p>The Offer is expected to raise approximately \$146.7 million. Figure 1.1 below sets out in detail the use of proceeds raised under the Offer and via the drawdown of the New Banking Facilities (\$14.6 million).</p> <p>FIGURE 1.1: USE OF PROCEEDS</p> <table><tr><th>Uses of proceeds</th><th>\$A(m)</th><th>%</th></tr><tr><td>Payments of proceeds to Existing Owners</td><td>115.8</td><td>71.8%</td></tr><tr><td>Repayment of Existing Owners' loans and distributions</td><td>25.9</td><td>16.1%</td></tr><tr><td>Repayment of existing bank facilities</td><td>11.2</td><td>6.9%</td></tr><tr><td>Costs of the Offer</td><td>8.3</td><td>5.2%</td></tr><tr><td>Total uses</td><td>161.3</td><td>100.0%</td></tr></table> <p>For more information, see Section 7.4</p>	Uses of proceeds	\$A(m)	%	Payments of proceeds to Existing Owners	115.8	71.8%	Repayment of Existing Owners' loans and distributions	25.9	16.1%	Repayment of existing bank facilities	11.2	6.9%	Costs of the Offer	8.3	5.2%	Total uses	161.3	100.0%
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Costs of the Offer	8.3	5.2%																	
Total uses	161.3	100.0%																	
Will any Shares be subject to escrow?	<p>The Existing Owners have entered into escrow restrictions in relation to all Shares they will retain following Listing. These Shares will be subject to escrow restrictions for two years from Listing. Similarly, the Shares issued under the Scheme will be subject to escrow restrictions for two years from Listing.</p> <p>In addition, the NED Bonus Shares will be escrowed until the date of the release of the Company's FY17 results.</p> <p>For more information, see Section 7.6</p>																		
Will the Shares be listed?	<p>The Company will apply to ASX for admission to the official list of ASX and quotation of Shares on ASX under the code QIP.</p> <p>Completion of the Offer is conditional on the Restructure completing and ASX approving the application. If approval is not given within three months after the application is made, the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>For more information, see Sections 7.8 and 7.15.1</p>																		
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none">— the Retail Offer, consisting of the:<ul style="list-style-type: none">– Broker Firm Offer; and– Employee Award Offer.— the Institutional Offer, which consists of an invitation to acquire Shares made to Institutional Investors. <p>For more information, see Section 7.3</p>																		
What is the Employee Award Offer?	<p>All Eligible Employees are entitled to participate in the Employee Award Offer. Eligible Employees will be offered the opportunity to apply for 450 Shares each for no consideration.</p> <p>For more information, see Section 7.10</p>																		
How can I apply?	<p>Broker Firm Applicants may apply for Shares by completing an Application Form and lodging it with the Broker who invited them to participate in the Offer.</p> <p>Employee Award Applicants will receive personalised invitations to participate with an accompanying Prospectus and Application Form and instructions on how to apply.</p> <p>There is no general offer available.</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p> <p>For more information, see Section 7.9</p>																		

Topic	Summary
When will I receive confirmation that my application has been successful?	<p>It is expected that initial holding statements will be dispatched by standard post on or about Tuesday, 30 August 2016.</p> <p>For more information, see Section 7.8</p>
Is the Offer underwritten?	<p>Yes. The Offer (except the Employee Award Offer) is fully underwritten by the Underwriter.</p> <p>For more information, see Sections 7.8 and 9.6(a)</p>
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer is determined by the Underwriter in consultation with the Company.</p> <p>The allocation of Shares among applications in the Institutional Offer is determined by the Underwriter in consultation with the Company.</p> <p>In relation to the Broker Firm Offer, Brokers will decide how they allocate firm stock among their eligible retail clients.</p> <p>The trusts established by the Company to acquire Shares on behalf of selected employees under the Scheme described in Section 7.6 will have priority in the Broker Firm Offer.</p> <p>The Shares offered under the Employee Award Offer are New Shares and are sufficient to meet all applications made under the Employee Award Offer. Such applications will not impact the allocation of Shares under the Broker Firm Offer and the Institutional Offer.</p> <p>For more information, see Sections 7.9.3 and 7.11.2</p>
Is there any brokerage, commission or stamp duty payable by applicants?	<p>No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.</p> <p>For more information, see Section 7.8</p>
What is QANTM's dividend policy?	<p>The Board is forecasting a dividend of 8.9 cents per Share for FY17 payable for the four months to 31 December 2016 and the six months to 30 June 2017, representing an annualised dividend yield of 4.9% based on the Offer Price. It is expected that this dividend will be fully franked.</p> <p>Beyond this, the Board is targeting a dividend payout ratio of between 70% and 90% of NPATA. It is expected that these dividends will be franked to the maximum extent possible and paid semi-annually.</p> <p>For more information, see Section 5.15</p>
Where can I find more information about this Prospectus or the Offer?	<p>For more information, please call the QANTM Offer Information Line on 1300 638 215 (within Australia) or +61 03 9415 4024 (outside Australia) from 9.00am until 5.00pm (Melbourne time) Monday to Friday.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p> <p>For more information, see Corporate Directory</p>
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful applicants.</p> <p>If the Offer does not proceed, Application Monies will be fully refunded without interest.</p> <p>For more information, see Section 7.13</p>

2

INDUSTRY OVERVIEW



2.1. INTELLECTUAL PROPERTY (IP) RIGHTS

IP rights are legal rights that protect the output of intellectual activity in the industrial, scientific, literary and artistic fields, such as inventions, works of art and literature and product designs. In addition, IP rights include trade marks used in association with products and services to distinguish them from similar products and services from other sources. The economic logic behind IP rights is to promote innovation and new investment in ideas by giving inventors and entrepreneurs exclusive commercial control over their work.

Internationally, the effective protection and enforcement of IP is regarded as essential to ongoing economic growth and development. IP is protected by a complex array of laws and institutions on a country by country basis as well as bilateral and multilateral treaties and conventions between countries.

Of the legally recognised categories of IP rights, some require registration, including patents, trade marks, industrial designs and plant breeders' rights. These rights must be registered with the prescribed IP authority in order for the owner to have the benefit of the protection offered under the applicable IP legislation.

Other IP rights that do not require registration include copyright, trade secrets, confidential information and integrated circuit layouts. In the case of copyright and integrated circuit layouts these rights are deemed to exist at the time the underlying IP is created, and are protected by statute. Trade secrets and confidential information are usually protected by contractual arrangements or under common law.

2.2. FORMS OF IP RIGHTS

Except in the case of registered trade marks, IP rights generally grant their holder a number of time limited exclusive rights, that enable the owner to control, for example, industrial production, communication, sale or derivative use of their work or invention. Summarised below are the most common forms of IP rights.

2.2.1. Registrable IP rights

Patents

Patents are a registrable form of IP and protect new or improved products, methods or processes by granting the patent owner a temporary monopoly right to exclude others from exploiting an invention. In Australia and internationally, the scope of patentable subject matter is broad and includes any device, compound, substance, treatment, method or process that satisfies the applicable legal criteria.

In Australia, for a standard patent to be granted it must:

1. be patentable subject matter, as some things cannot be patented (for example, human beings and the biological process of their generation cannot be patented);
2. be novel, meaning the invention cannot already have been published or publicly used anywhere in Australia or globally; and
3. involve an 'inventive step' so that the invention is not obvious or trivial.

Patents provide inventors and their assignees with legal rights to prevent others from using, selling or importing their inventions for a fixed period (usually up to 20 years). The trade-off for patent protection is that, as part of the application process, comprehensive technical information about the invention must be disclosed in the patent application which will be made publicly available so that the public can use the technical information when the monopoly right has expired.

Australian legislation also offers inventors the option of applying for:

- an 'innovation patent' which has a lower inventive threshold than a standard patent and a shorter eight year period of exclusivity; and
- a provisional patent application which is an optional step before filing a non-provisional or 'complete' patent application, and establishes the 'priority' date for the invention while giving the inventor additional time to prepare and file a corresponding complete application (such as a standard patent application or a PCT application).

IP rights are only enforceable within the jurisdiction in which they are granted. Consequently, if an applicant seeks patent protection for their invention in different markets then they must submit applications in multiple jurisdictions. See Section 2.4.1 regarding the registration of patents internationally.

Trade marks

Trade marks are signs which identify the commercial source or origin of goods or services and may include words, logos, phrases, sounds, smells, shapes, or aspects of packaging. Trade marks allow businesses to differentiate themselves and their goods and services in the market. The owner of a registered trade mark has the legally enforceable right to exclude others from licensing or selling goods or services under its registered trade mark or a substantially identical or deceptively similar mark.

SECTION 2 INDUSTRY OVERVIEW

In Australia, to be registrable, trade marks must generally:

1. not be deceptively or confusingly similar to prior registered or pending marks;
2. be distinctive and non-descriptive of the relevant goods or services;
3. not be offensive or inherently deceptive; and
4. not be a sign which is prohibited from registration.

In Australia, the initial protection period for a trade mark is 10 years, but it can be renewed indefinitely for further periods of 10 years.

Designs

Registered designs relate to the visual elements of manufactured or hand crafted products which are intended for commercial or industrial use. The aesthetic or visual elements which can be protected include the shape, pattern, configuration or ornamentation applied to a product. Registered designs represent a relatively small proportion of IP activity in Australia. In CY15, designs constituted approximately 16% of total patent and design applications filed.

In Australia, a registered design must be:

1. a new design in Australia and internationally;
2. distinctive from any other published designs, online or in circulation; and
3. be intended for commercial or industrial use.

The 'intended use' criteria distinguishes registrable designs from artistic works. Designs are distinguished from patents in that they are focused on aesthetic or visual elements whereas patents are focused on functional elements. It is possible for a product to have dual protection by way of a registered design and a patent.

Registering a design provides exclusive rights to the overall appearance of the product. The period of protection in Australia is up to 10 years.

Other forms of IP and related rights

Other forms of IP and related rights include:

- plant breeders' rights, which confer on the owner a monopoly over the production, sale and distribution of new plant varieties for 20 to 25 years depending on the variety of plant;
- business names and domain names registered by their owners for use in trade and commerce; and
- geographical indications or appellations which identify goods as originating in a specific territory, region or locality where a particular quality, reputation or other characteristic is essentially attributable to the geographical origin.

2.2.2. Non-registrable IP rights

IP for which rights under law exist but which do not have a statutory registration system include copyright, integrated circuit layouts, trade secrets and confidential information.

Copyright

Copyright protects creative and artistic expressions including music, literature, film, performance, photography, painting, business documents and computer software code. Copyright laws seek to encourage creative output by granting exclusive rights to creators which enable them to deal commercially with their works. In Australia, the following elements must be satisfied for a work to be protected by copyright:

1. there must be a 'work', meaning a literary, dramatic, musical or artistic work;
2. the work must be in material form, not merely an idea or theory; and
3. the work must be original.

In Australia, copyright automatically attaches to a work that satisfies the criteria above on its creation. There is no statutory registration system or process for copyright. The legal protection afforded by copyright protection generally lasts for the author's lifetime plus 70 years. In addition, copyright legislation also protects 'moral' rights in relation to attribution of performance or authorship and the right to object to the treatment of the author's work which would have a detrimental effect on the author's reputation.

Integrated circuit layouts

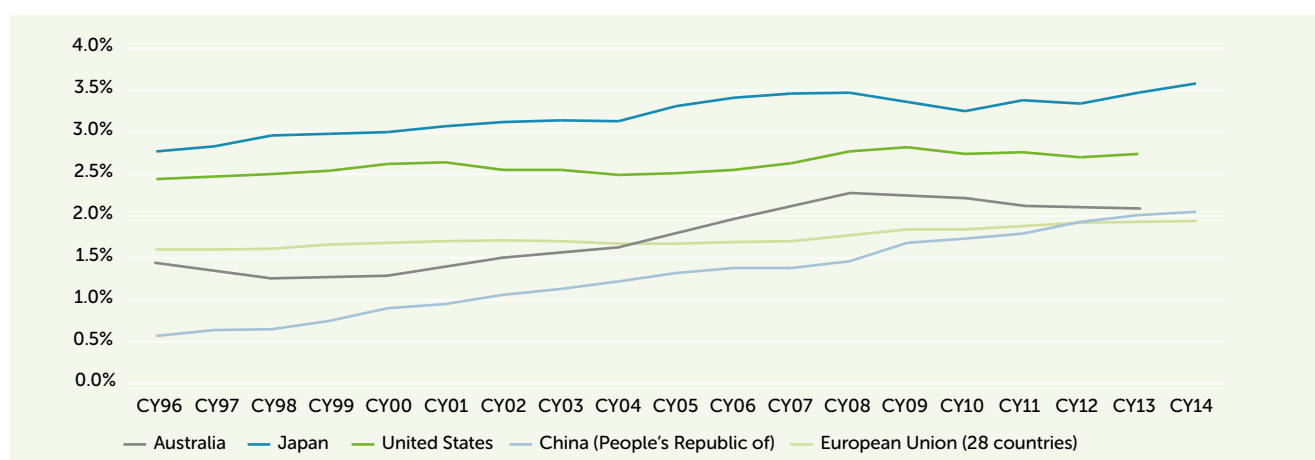
The protection of integrated circuit layouts in Australia is governed by independent legislation which is based on the legal principles of copyright.

2.3. THE IMPORTANCE OF IP

Patents, registered designs and copyright are the principal means for establishing ownership rights to inventions and other products of the mind, and provide a legal foundation by which intangible ideas and creations generate tangible benefits to individuals, businesses and the international economy. Trade marks enable owners and businesses to protect the goodwill and reputation they have developed in relation to their products and/or services. The intangible assets that these IP rights represent are often critically important to businesses ranging from SMEs to research institutions and multinational corporates.

The Company believes that aggregate R&D expenditure within various national economies provides an indication of the global expenditure on the development of prospective IP rights. Figure 2.1 sets out estimated spending on R&D in various markets as a percentage of GDP. Figure 2.1 indicates that R&D spending as a proportion of GDP has increased in Australia, the US, EU, Japan and China since 1996. The most recent statistics indicate that research and development spending is between 1.6% and 3.6% of each region's GDP.¹ The Company believes it is noteworthy that China recently overtook the EU in R&D spending as a proportion of GDP.

FIGURE 2.1: R&D EXPENDITURE AS A PERCENTAGE OF GDP



Source: DCC and FPA management analysis based on information provided in the OECD (2016), Gross domestic spending on R&D (indicator). Australian data is provided every second year and for those alternate years when data is unavailable, it is interpolated.

A further indicator of the importance of IP is the impact of IP intensive industries on national economies. Recent studies in the US and Europe identified at least 75 IP intensive industries.² The studies estimated that IP intensive industries accounted for approximately \$5.06 trillion in value added to the US economy, or 34.8% of US GDP, in 2010,³ and approximately 38.6% of EU GDP in the period from 2008 to 2010.⁴ The same studies estimated that IP intensive industries in the US directly employed 18.8% of the workforce in 2010⁵ and that IP intensive industries directly employed 25.9% of the European workforce in 2008 to 2010.⁶

2.4. PROTECTION OF IP AND THE REGULATORY FRAMEWORK

The protection and commercialisation of IP occurs within an international framework, however the ways in which IP rights are granted, regulated and enforced varies from country to country. The reasons for the differences in IP regulation across countries include differing legal systems, relative stages of economic development, and differing business practices and customs.

1 OECD (2016), Gross domestic spending on R&D (indicator).

2 Intellectual Property and the U.S. Economy: Industries in Focus (March 2012); Intellectual property rights intensive industries: contribution to economic performance and employment in the European Union. Industry-Level Analysis Report, September 2013. *The former report employed USPTO administrative data to identify the industries that most intensively use the protection offered by patents and trade marks. For copyrights, the report identifies the set of industries primarily responsible for both the creation and production of copyrighted materials.*

3 Intellectual Property and the U.S. Economy: Industries in Focus (March 2012).

4 Intellectual property rights intensive industries: contribution to economic performance and employment in the European Union. Industry-Level Analysis Report, September 2013.

5 Intellectual Property and the U.S. Economy: Industries in Focus (March 2012).

6 Intellectual property rights intensive industries: contribution to economic performance and employment in the European Union. Industry-Level Analysis Report, September 2013.

SECTION 2 INDUSTRY OVERVIEW

2.4.1. International IP protection

There is no worldwide system to register the various forms of IP. However, international arrangements have been created which seek to harmonise and streamline the process of effecting IP protection internationally. These arrangements are administered by the World Intellectual Property Organisation (**WIPO**), a self-funding agency of the UN responsible for the administration of IP treaties and policies among its 187 member states.

Three of the key treaties administered by WIPO are the Patent Cooperation Treaty (**PCT**), the Madrid Protocol and the Paris Convention. A significant number of Australian patent and trade mark applicants seeking international protection utilise the PCT (in the case of patents) or the Madrid Protocol (in the case of trade marks). However, a smaller number of patent and trade mark applicants elect to utilise the Paris Convention. In addition, many applicants elect to file patent and trade mark applications directly with one or more national IP offices in jurisdictions outside Australia.

The Paris Convention

The Paris Convention was adopted in 1883 and applies to IP, including patents, trade marks, designs and utility models. The Paris Convention provides the opportunity for patent applicants to file directly in selected countries while maintaining a common 'priority date' or effective filing date. The alternative, and more common, pathway to obtaining patent protection in multiple jurisdictions is the PCT.

Patent Cooperation Treaty

The PCT provides a means for filing international patent applications. Once filed, a PCT application has automatic effect in 150 jurisdictions, which are defined as Contracting States under the PCT. For most purposes, a valid PCT application has the effect of a regular patent application in each Contracting State from the PCT filing date. Ultimately, however, PCT applicants must pursue applications individually in each Contracting State, where protection is sought by proceeding with 'national phase entry' or 'regional phase entry' within 30 or 31 months (depending on the Contracting State) from the date of filing of the first priority application or if there is no priority application, the date of filing of the PCT application. This process is commonly referred to as 'entering the national phase'.

The benefit of the PCT process for the applicant is that they have time to assess the scope of the patent protection that may be available and the corresponding economic value before incurring the costs associated with filing individual applications in the separate Contracting States.

The effect of the PCT process is that a single patent filed by an Australian applicant may result in a number of additional applications over an extended period of time. This is reflected in the fact that Australian applicants filed 9,755 patent applications overseas in CY14 compared to 1,988 domestically.⁷ The major destinations for these foreign applications were the US, EU, New Zealand and China.

The Madrid Protocol

The Madrid Protocol is a treaty creating a framework for the international registration of trade marks. The system enables the filing of a single application to register a trade mark through the applicant's home country against which it can designate up to 97 jurisdictions (covering up to 113 countries). Australia, New Zealand and Singapore, in which DCC principally operates, are all members of this system. A registration acquired under the Madrid Protocol is referred to as an International Registration. The benefit of the system is that it may substantially reduce cost and administrative burden in seeking protection for a trade mark in jurisdictions which are members of the system as opposed to lodging separate applications directly through local attorneys.

Australia joined the Madrid Protocol in 2001, New Zealand in 2012 and Singapore in 2000. The US and the EU joined in 2003 and 2004 respectively. The 113 countries which can be covered by an International Registration generate the vast majority of global GDP, and the majority of Australia's key trading partners are members of the system.

⁷ WIPO statistics database (Total patent applications (direct and PCT national phase entries)). Last updated: December 2015 and Australian Intellectual Property Report 2016.

2.4.2. Regulation of IP in Australia

Section 51(xviii) of the Commonwealth Constitution sets out the Commonwealth's legislative power in relation to IP. Key Australian IP legislation includes:

- *Patents Act 1990* (Cth);
- *Trade Marks Act 1995* (Cth);
- *Designs Act 2003* (Cth);
- *Copyright Act 1968* (Cth);
- *Circuit Layouts Act 1989* (Cth); and
- *Plant Breeder's Rights Act 1994* (Cth).

These Acts govern how IP can be protected in Australia. They include provisions for:

- the criteria and process for establishing and maintaining patents, trade marks, registered designs, plant breeder's rights, circuit layouts and copyright;
- the respective periods of exclusivity granted to the holders of IP rights;
- prescribing the means to take infringement proceedings to protect and enforce IP rights; and
- outlining the exceptions and limitations to the exclusivity granted by IP rights.

IP Australia is the independent government agency that administers the grant of patents, registered designs, trade marks and plant breeder's rights in Australia. The Department of Communications and the Arts administers copyright law. In addition, IP Australia conducts research and policy analysis in relation to the economic and social effect of IP related legislation, and is also responsible for promoting IP awareness and basic IP education to the business community and the public.

The *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth), came into force in April 2013 (**Raising the Bar Act**). This legislation imposed changes on the key legislation governing patents, trade marks and registered designs in Australia. One of the key changes was to raise the standard and quality of patents to more closely align Australian legislation with international standards. Specifically, the changes raised the requirement of 'inventiveness' and level of support for the invention required to be set out in the patent application. Due to these changes, there was an increase in the number of patent applications filed in Australia in 2013, and a consequent fall in 2014, as applicants sought to avoid being subject to the more stringent standards imposed by the new legislation.

2.4.3. Regulation of IP in New Zealand

The relevant IP legislation in New Zealand is as follows:

- *Patents Act 2013* (NZ);
- *Trade Marks Act 2002* (NZ);
- *Designs Act 1953* (NZ);
- *Copyright Act 1994* (NZ);
- *Layout Designs Act 1994* (NZ); and
- *Plant Variety Act 1987* (NZ).

These Acts govern how IP can be protected in New Zealand. They include provisions for:

- the criteria and process for establishing and maintaining patents, trade marks, registered designs, plant variety rights, integrated circuit layout designs and copyright;
- the respective periods of exclusivity granted to the holders of IP rights;
- prescribing the means to take infringement proceedings to protect and enforce IP rights; and
- outlining the exceptions and limitations to the exclusivity granted by IP rights.

The Intellectual Property Office of New Zealand (**IPONZ**) administers the grant of patents, registered designs, trade marks and plant breeder's rights in New Zealand.

The Trans-Tasman Mutual Recognition Arrangement between Australia and New Zealand under the *Trans-Tasman Mutual Recognition Act 1997* (Cth) provides the opportunity for citizens of Australia and New Zealand to work more freely in each other's country. This extends to patent attorneys and lawyers, subject to legislation relating to each profession.

SECTION 2 INDUSTRY OVERVIEW

2.4.4. Regulation of IP in Singapore

The laws and legal institutions of Singapore are derived from the English common law legal system. Singapore joined WIPO in 1990 and the WTO in 1995. Since this time, Singapore has enacted the following IP legislation:

- *Patents Act 1994 (Singapore)*;
- *Trade Marks Act 1999 (Singapore)*;
- *Registered Designs Act 2000 (Singapore)*;
- *Geographical Indications Act 1998 (Singapore)*;
- *Copyright Act 1987 (Singapore)*; and
- *Layout Designs of Integrated Circuits Act 1999 (Singapore)*.

The Intellectual Property Office of Singapore (IPOS) administers patent, design, trade mark and copyright legislation in Singapore.

In April 2013, the Singapore government adopted an IP master plan. This is a 10 year plan with the aim of establishing Singapore as a global IP hub in Asia. Under the plan, Singapore is seeking to position itself 'to play a facilitative, bridging role for regional and international transactions and to provide a trusted, neutral platform to support the development and growth of the IP landscape in Asia'.⁸ The master plan also underlines the importance of maintaining a conducive and progressive IP environment to encourage professionals and businesses to bring their IP activities to Singapore to create a rich and internationally visible IP ecosystem.

The plan outlines that Singapore aims to be a central hub for:

- IP transactions and management, where companies use Singapore as a base to manage and transact IP internationally;
- quality IP filings, where companies register their IP in Singapore, utilise Singaporean IP services and infrastructure, and leverage Singapore as a gateway to secure IP protection in key world markets; and
- IP dispute resolution, where IP disputes are brought to Singapore for expeditious and effective resolution through litigation or alternative dispute resolution.

One of the key enablers identified by the Singapore government is to 'develop a vibrant IP marketplace by attracting top IP intermediaries and supporting promising initiatives as a catalyst to the development of the marketplace'.⁹ Singapore intends to 'build a globally competitive IP workforce that is equipped with specialised IP skill sets and networked to other markets'.¹⁰

2.4.5. Regulation of IP in other Asian countries

Asia is diverse in terms of the relative levels of economic prosperity. The larger and more advanced countries such as Indonesia, Malaysia, Thailand, Vietnam and the Philippines have relatively well established IP laws and institutions. In contrast, Asian countries such as Laos and Myanmar are relatively under-developed economically, and are yet to implement robust systems and laws for the protection of IP rights.

East Asian economies such as Japan, South Korea, Hong Kong and China typically have similar regulatory authorities and legislative instruments to Australia.

8 Singapore Government IP Steering Committee April 2013 Intellectual Property (IP) Hub Master Plan – Developing Singapore as a Global IP Hub in Asia.

9 Singapore Government IP Steering Committee April 2013 Intellectual Property (IP) Hub Master Plan – Developing Singapore as a Global IP Hub in Asia.

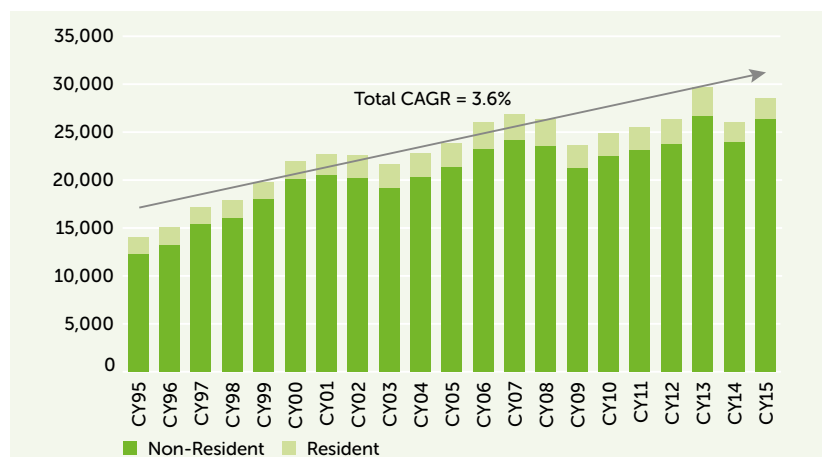
10 Singapore Government IP Steering Committee April 2013 Intellectual Property (IP) Hub Master Plan – Developing Singapore as a Global IP Hub in Asia.

2.5. SIZE AND GROWTH OF THE IP MARKET

2.5.1. Patents – Australia

The Firms receive the majority of their revenue from services relating to patent applications and prosecutions. In CY15, approximately 28,600 patent applications were filed in Australia, up from approximately 26,000 in CY14. The total number of registered patents in the Australian market was approximately 150,000 as at 1 July 2016. The majority of patent applications in Australia are sourced from non-resident applicants, with approximately 92% of CY15 standard applications filed by non-resident applicants.

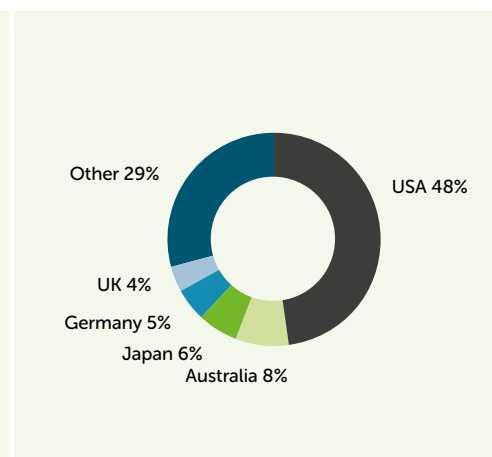
FIGURE 2.2: PATENT APPLICATIONS FILED IN AUSTRALIA



Source: DCC and FPA management analysis based on information provided in the WIPO statistics database. Last updated: December 2015 (Total patent applications (direct and PCT national phase entries)) and IP Australia (Australian Intellectual Property Report 2016).

Note: Complete standard patent applications only, excludes provisional and innovation patent applications.

FIGURE 2.3: PATENT APPLICATIONS IN AUSTRALIA BY COUNTRY OF ORIGIN (CY15)



Source: DCC and FPA management analysis based on information provided in the IP Australia (Australian Intellectual Property Report 2016).

Note: Complete standard patent applications only, excludes provisional and innovation patent applications.

The Company believes that the decrease in the number of patent applications in CY09 reflects the impact of the GFC. The Company believes that the GFC continued to affect business confidence and the level of R&D expenditure for several years. However, the number of patent applications and the growth trajectory appear to have now returned to pre-GFC levels.

A significant spike in application numbers occurred in CY13 which reflects the impact of the Raising the Bar Act. This change in legislation resulted in a number of patent applications that would otherwise have been filed in CY14 instead being filed in CY13 so they could be processed under the previous legislation.

Australian patent attorneys can register and practice in New Zealand. Once registered in New Zealand, Australian patent attorneys can file patent applications directly in New Zealand. New Zealand patent applications in CY15 totalled 6,350.¹¹

2.5.2. Patents – Asia

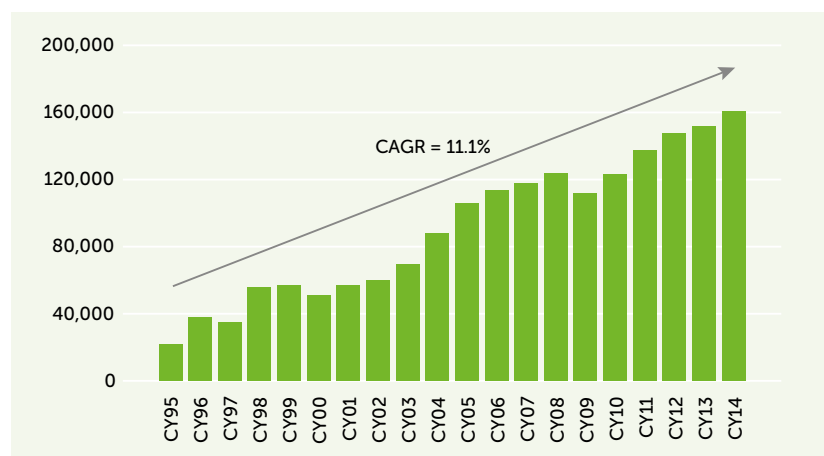
Growth in the number of patent applications in Asia has been significantly greater than growth in application numbers in Australia, with IP protection in emerging countries increasing in importance as wealth and consumer consumption in these economies continues to rise. Figure 2.4 depicts that the number of patent applications filed in a selected group of Asian countries grew at a CAGR of 11.1% between CY95 and CY14.

Like Australia, the majority of patent applications in Singapore (and most other Asian countries with the exception of China), are filed by non-resident applicants. In CY14, over 85% of applications in Singapore were by non-residents, with the applications primarily originating from the US, EU and Japan.

11 IPONZ, June 2016.

SECTION 2 INDUSTRY OVERVIEW

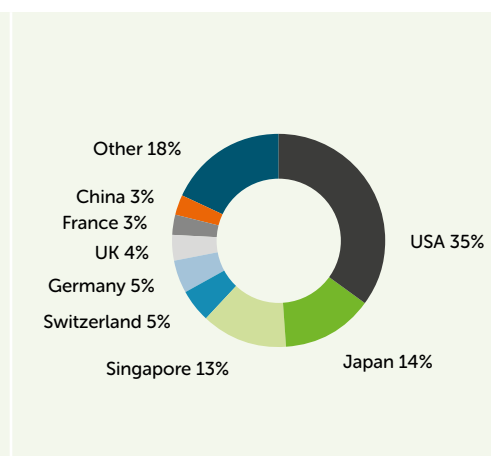
FIGURE 2.4: PATENT APPLICATIONS FILED IN SELECTED ASIAN COUNTRIES



Source: DCC and FPA management analysis based on information provided in the WIPO statistics database. Last updated: December 2015 Total patent applications (direct and PCT national phase entries)

Note: Includes China (non-resident filings only), Malaysia, Philippines, Singapore, Thailand and Vietnam for which statistics are available.

FIGURE 2.5: PATENT APPLICATIONS IN SINGAPORE BY COUNTRY OF ORIGIN CY14



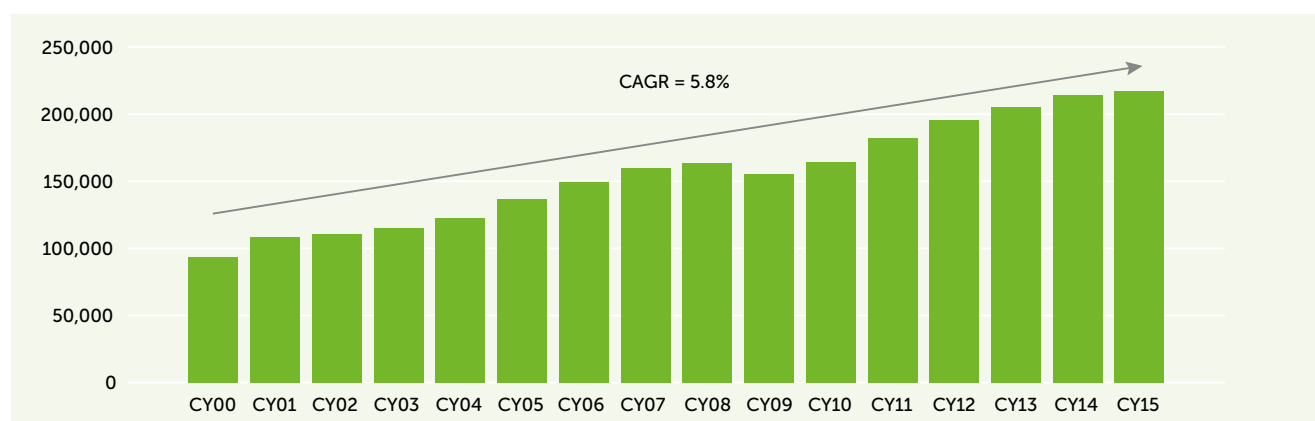
Source: DCC and FPA management analysis based on information provided in the IPOS 2014/2015 Annual Report

2.5.3. PCT applications

A measure of potential future national phase patent application levels is provided by the number of international PCT applications filed. As set out in Figure 2.6, over the past 15 years the number of global PCT applications has grown at a CAGR of 5.8%. By comparison, global GDP grew at a CAGR of 3.9% from CY00 to CY14.¹² The Company believes that the strong growth of PCT applications has been due to factors including:

1. developed countries shifting away from manufacturing, agriculture and commodities to service based 'knowledge economies';
2. the implementation of effective IP laws and institutions in developing economies; and
3. the increasing harmonisation of IP laws across nations at all stages of economic development.

FIGURE 2.6: PCT PATENT APPLICATIONS FILED



Source: DCC and FPA management analysis based on information provided in the WIPO statistics database. Last updated: February 2016 (PCT applications by filing date).

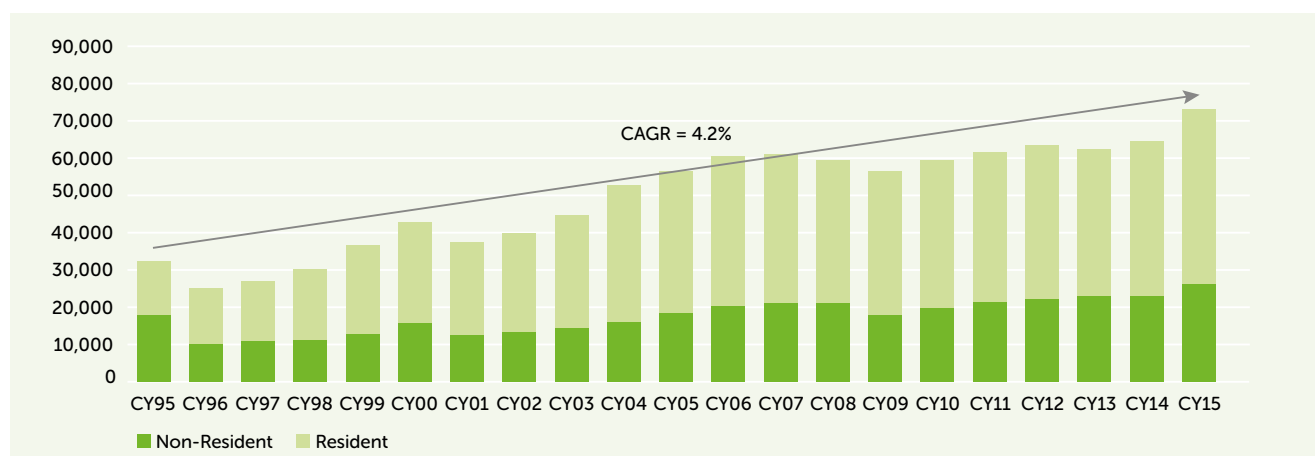
¹² OECD Statistics, Dataset:1. GDP April 2016.

2.5.4. Trade marks

In CY15 there were approximately 73,200 trade mark applications filed in Australia, up from 64,500 in CY14. The growth in trade mark applications filed in Australia is set out in Figure 2.7. In CY15 non-residents filed 36% of applications and residents filed 64% of applications. The increase in non-resident filings is largely driven by growth in applications from the US (17% year on year growth from CY14 to CY15), which made up 33% of all non-resident filings in 2015.¹³

The number of trade mark filings has grown since CY09. The total growth in trade mark applications since CY95 has been at a CAGR of 4.2% per annum.

FIGURE 2.7: TRADE MARK APPLICATIONS FILED IN AUSTRALIA



Source: DCC and FPA management analysis based on information provided in the WIPO statistics database. Last updated: December 2015 (Total trade mark applications (direct and via the Madrid system)) and IP Australia (Australian Intellectual Property Report 2016).

2.6. THE ROLE OF IP PROFESSIONALS

The laws and registration processes relating to patent and trade mark registration are complex and vary across jurisdictions. Accordingly, parties seeking the protection of IP laws usually engage qualified professionals to provide expert advice and assistance throughout the IP application and commercialisation process. Professional IP services firms employ patent and trade marks attorneys and other legal professionals to assist their clients with IP related matters through all stages of the IP lifecycle.

2.6.1. Patent attorneys

In Australia, registration of patent attorneys is administered by the Professional Standards Board for Patent and Trade Marks Attorneys (PSB) which exists under the Patents Act. Patent attorneys must have a background in science or technology which is then overlaid with qualifications in IP law and practice.

The requirements for registration as a patent attorney include:

1. an academic higher education qualification in a field of science or technology (typically a science or engineering degree) approved by the PSB;
2. completion of approved courses of study providing knowledge of IP law and practice; and
3. employment for a period of at least two years in a position providing experience in various specified patent attorney skills.

Patent attorneys are not required to be qualified and registered legal practitioners, however many patent attorneys also have law degrees. Importantly, in Australia and many other jurisdictions, the Patents Act or its equivalent provides that only a registered patent attorney is entitled to provide a number of services, the most important of which is the drafting of patent specifications.

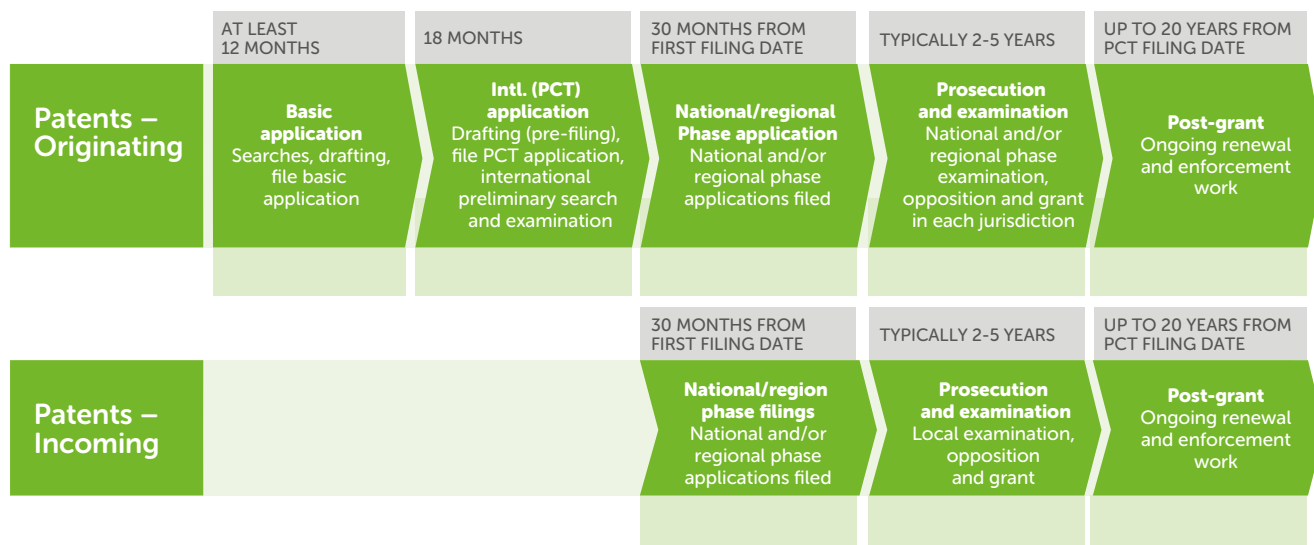
Australian patent attorneys can register and practice in New Zealand. Once registered in New Zealand, Australian patent attorneys can file patent applications before the IPONZ. Correspondingly, New Zealand patent attorneys registered in Australia can practice directly before the Australian Patent Office.

Patent attorneys assist their clients across the three key stages of the patent lifecycle, as set out in Figure 2.8.

¹³ Australian Intellectual Property Report 2016.

SECTION 2 INDUSTRY OVERVIEW

FIGURE 2.8: TYPICAL STAGES OF THE IP LIFECYCLE – PATENTS



Source: DCC and FPA management analysis

2.6.2. Trade marks attorneys

The qualification of trade marks attorney exists under the Trade Marks Act, is administered by the PSB and entitles a person to hold themselves out as a trade marks attorney and enjoy rights of legal privilege in relation to provision of IP advice.

To obtain registration as a trade marks attorney, a person must:

1. hold an Australian Qualifications Framework qualification from the higher education sector or an approved equivalent overseas qualification;
2. have completed approved courses of study providing knowledge of IP law and practice;
3. provide a declaration confirming the person has not committed a prescribed criminal offence within the last five years and is not under sentence of imprisonment; and
4. provide a third party declaration confirming that the person is of good fame, integrity and character.

Australian legal practitioners can also file and prosecute trade mark applications and oppositions and many such practitioners practice in trade mark matters. However, lawyers who wish to specialise in trade mark matters may seek registration as a trade marks attorney. Australian trade marks attorneys and lawyers practicing in trade marks may also practice in New Zealand and in the Pacific Island countries.

Trade marks attorneys assist across the key stages of the trade mark lifecycle, as set out in Figure 2.9.

FIGURE 2.9: TYPICAL STAGES OF THE IP LIFECYCLE – TRADE MARKS



Source: DCC management analysis

COMPANY OVERVIEW



SECTION 3 COMPANY OVERVIEW

3.1. OVERVIEW OF THE COMPANY

Following Listing the Company will own 100% of DCC and FPA, two of Australia's leading professional IP services firms.

DCC

DCC is one of the largest patent and trade mark attorney firms in Australia, with a history that can be traced back to 1879. DCC offers a wide range of services in relation to the creation, protection, commercialisation, enforcement and management of its clients' IP.

DCC's three major service areas are patents, trade marks and legal services. In Australia the firm operates from three primary offices in Sydney, Melbourne and Brisbane and has a presence and ongoing access to offices in Newcastle, Geelong, Greater Western Sydney, Hobart, Launceston, Adelaide and Canberra. DCC has also recently opened an office in Singapore in line with its strategy to grow in Asia.

FPA

FPA Patent Attorneys is a specialist patent attorney practice with offices in Sydney and Melbourne.

Restructure and post Listing

The Firms have historically operated as partnerships but, in connection with the Listing, the Restructure will take place immediately prior to Listing.

Following Listing, DCC and FPA will be wholly owned by QANTM, but will continue to operate as Separate Businesses. DCC will continue to operate under the 'Davies Collison Cave' brand name. FPA will continue to operate its business under the 'FPA Patent Attorneys' brand name.

The Restructure will be conditional on meeting all other requirements for Listing (other than the Restructure itself). See Section 9.4 for further details of the Restructure.

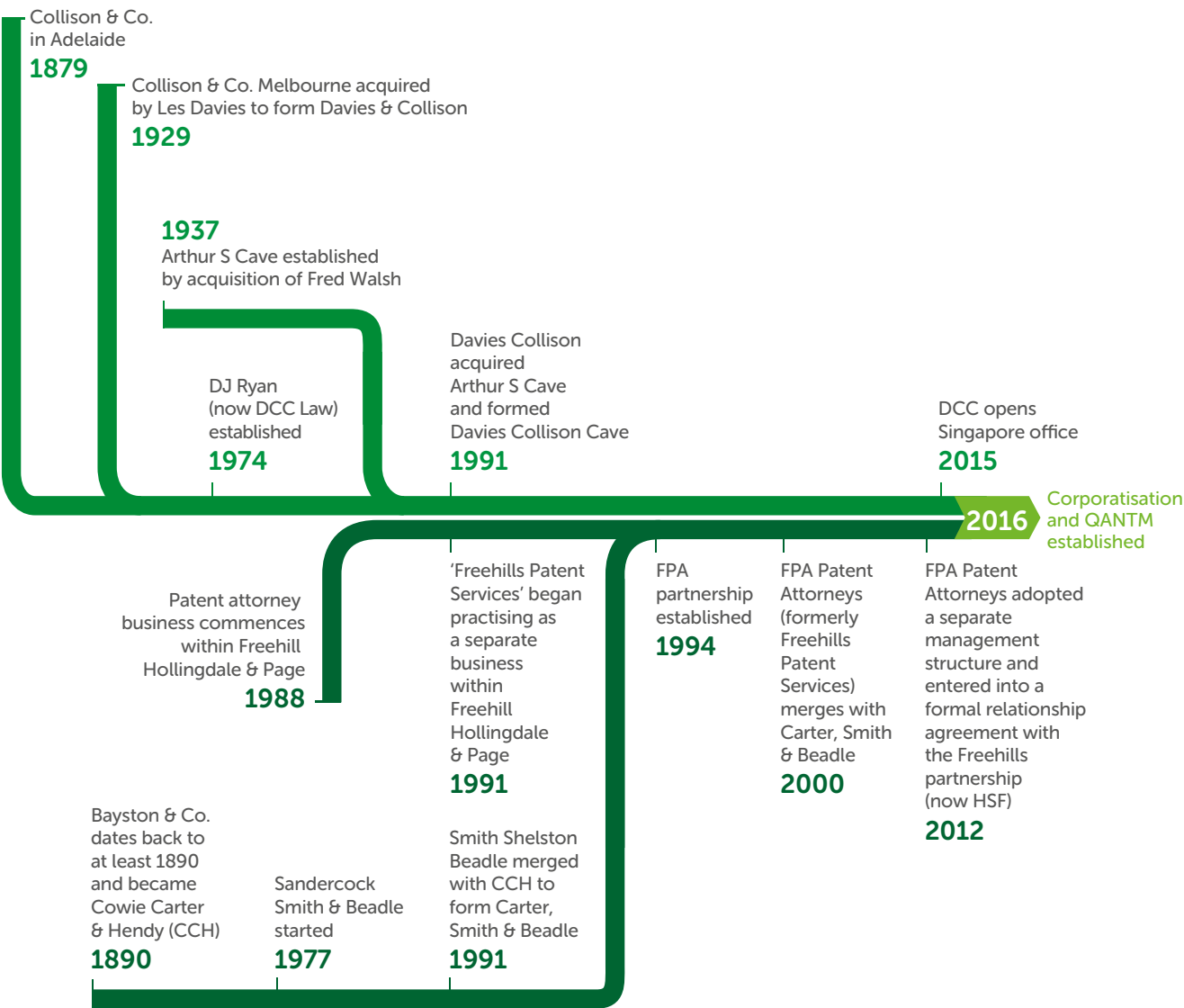
3.2. HISTORY

DCC traces its history back to the establishment of Collison & Co in 1879 (originally named Conigrave & Collison). The Melbourne office of Collison & Co was acquired by Les Davies in 1929 to form Davies & Collison which, by acquisition of the Sydney firm Arthur S Cave, became DCC in 1991.

In 1988, the patent attorney practice which was to become FPA was formed within Freehill Hollingdale & Page. FPA began practicing as a separate business unit within Freehill Hollingdale & Page in 1991. In 1994, the FPA partnership was established, some FPA partners also remained partners of Freehill Hollingdale & Page. It grew to seven partners before merging with another patent attorney firm, Carter Smith & Beadle, in 2000. Carter Smith & Beadle traces its origins back to 1890. In 2012, FPA adopted a separate management structure and entered into a formal relationship agreement with the Freehills partnership.

A summary of key events in each Firm's history is set out in Figure 3.1.

FIGURE 3.1: GROUP TIMELINE¹



Source: DCC and FPA management

¹ Although the Melbourne office of Collison & Co. was acquired in 1929 to form Davies & Collison, the Adelaide office of Collison & Co. remains an independent firm to this day.

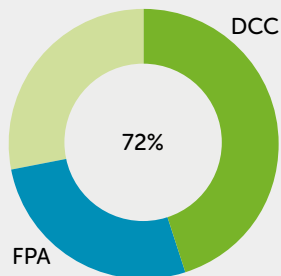
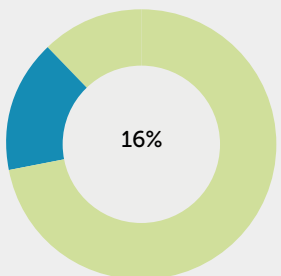
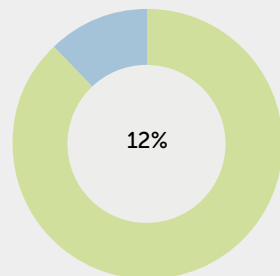
SECTION 3 COMPANY OVERVIEW

3.3. BUSINESS OPERATIONS

3.3.1. Summary of operations

The Group's operations are summarised in Figure 3.2.

FIGURE 3.2: OVERVIEW OF THE GROUP

Business Areas	Patents and Designs	Trade Marks	Legal
Percentage of aggregate Firm Service Charge revenue in FY15 ¹	 <p>DCC 72% FPA</p>	 <p>16%</p>	 <p>12%</p>
Firm(s) involved	DCC and FPA	DCC	DCC
Revenue model	<p>Services are charged on an hourly rate basis, a fixed price basis, or a combination of the two. Pricing is based in AUD, USD and SGD. Many invoices across the IP life cycle (~63k invoices sent in FY15), resulting in low WIP. The long-term nature of IP rights enables the Firms to generate recurring income throughout the IP life cycle.</p>		
Market position ²	DCC #2 individual firm QANTM #2 group	DCC #1 individual firm QANTM #2 group	NA
Market position (Australian originated filings) ³	DCC #1 individual firm QANTM #2 group	DCC #1 individual firm QANTM #2 group	NA
Offices	<ul style="list-style-type: none"> DCC's primary offices are located in Melbourne, Sydney, Brisbane and Singapore. DCC also has a presence and ongoing access to offices in Geelong, Greater Western Sydney, Hobart, Launceston, Adelaide and Canberra FPA has offices in Melbourne and Sydney which service its entire local and international client base 		
Services	<ul style="list-style-type: none"> Services in relation to all aspects of patent or design procurement for clients seeking protection Strategic advice for clients in respect of their own patents and designs or those of their competitors 	<ul style="list-style-type: none"> Services in relation to all aspects of trade mark procurement for clients seeking protection Strategic advice for clients in respect of their own trade marks or those of their competitors 	<ul style="list-style-type: none"> Legal services relating to all aspects of IP related rights <ul style="list-style-type: none"> IP litigation IP commercialisation ICT commercial work General IP advice

Source: DCC and FPA management analysis

Notes:

1. Excludes Associate Charges.
2. Market position analysis is based on the total number of patent or trade mark applications filed in Australia in CY15 and assumes the Group and one additional competitor group of businesses both operated in CY15.
3. Market position analysis is based on the total number of Australian client PCT patent applications and Australian client trade mark applications filed in Australia in CY15, and assumes the Group and one additional competitor group of businesses both operated in CY15.
4. The relative contributions of DCC and FPA in the patents and designs business area are set out in Section 3.3.2.

3.3.2. Patents and Designs

The majority of each Firm's revenue is generated from services in relation to patents. The Firms generate revenue acting for local clients, foreign corporates directly and clients referred by Foreign Associates. DCC's patent practice consists of 24 Principals and a total of 66 professional staff. FPA's patent practice consists of eight Principals and a total of 30 professional staff.

For clients seeking to register patents or designs in respect of their own IP, the Firms provide services across all stages of the patent and design lifecycles, being pre-filing, filing, prosecution and renewal. The types of services the Firms provide in this regard include:

- drafting of new patent applications;
- prosecution of patent and design applications in Australia, New Zealand, Singapore and in other overseas jurisdictions in conjunction with Foreign Associates;
- formulation of patent and/or design procurement strategies and filing programs;
- patent oppositions;
- IP portfolio management and maintenance;
- assistance in the commercialisation and licensing of patents and/or designs;
- infringement advice; and
- assistance in patent and/or design litigation.

Figure 3.3 provides a summary of the number of patent matters currently being managed by the Firms broken down by stage of the patents lifecycle.

FIGURE 3.3: LIFECYCLE OF PATENTS



Source: DCC and FPA management analysis and Inprotech data up until 30 June 2016

A significant portion of both Firms' revenue is also derived from IP matters not directly related to the patent or design application process and often takes the form of strategic advice. Such services include the following:

- performing freedom to operate searches for competitor patents and providing clients with strategic opinions;
- searching for patents in a particular field of technology and identifying opportunities for potential patent protection;
- assessing a client's commercial requirements and technology portfolio and advising on the timing of the filings and choice of jurisdictions;
- acting for clients opposing the validity of a patent and for clients who are defending the validity of a patent; and
- acting as subject matter experts in revocation and infringement proceedings before the Courts.

Where a client's activities or products are based in another jurisdiction, the Firms will engage a Foreign Associate to carry out these tasks while still managing the process.

Each Firm's patent practice consists of several industry specialist groups. Within DCC these groups are:

- electrical;
- mechanical;
- chemistry;
- biotechnology; and
- materials science.

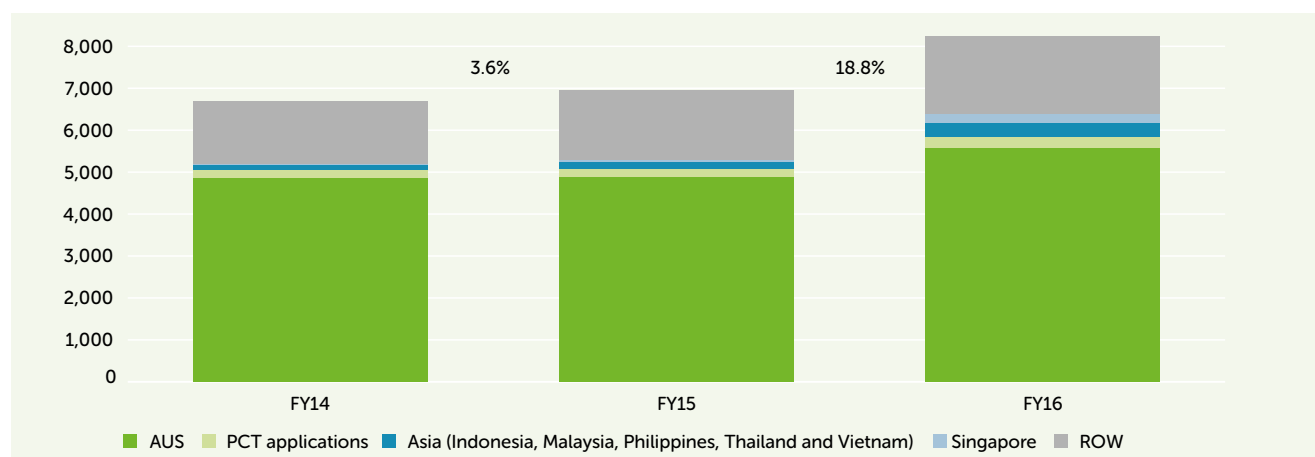
SECTION 3 COMPANY OVERVIEW

Within FPA these groups are:

- chemistry and biotechnology; and
- physics and engineering.

The new patent cases secured by the Firms in FY14, FY15 and FY16 are set out in Figure 3.4.

FIGURE 3.4: NEW PATENT CASES SECURED BY THE FIRMS¹



Source: DCC and FPA management analysis and Inprotech data up until 30 June 2016

Note:

1. Includes applications filed by the Firms (directly or through agents) and net cases transferred from other patent attorneys

3.3.3. Trade marks

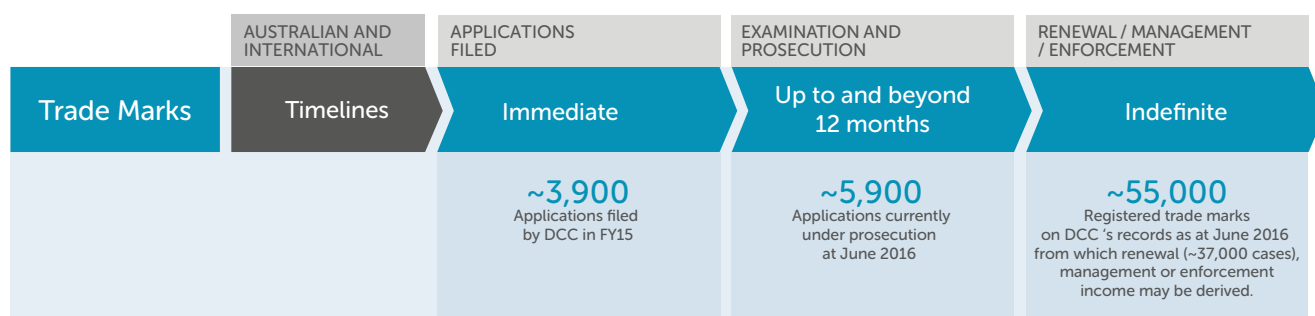
DCC operates a full service trade marks practice which represents clients with rights extending around the world. DCC practices directly before the Australian, New Zealand, Singaporean and many Pacific Island Trade Mark Offices. DCC has been the largest filer of trade mark applications in Australia of all individual firms since 1999. The trade marks practice consists of seven Principals and a total of 20 professional staff practicing exclusively in trade mark matters.

The types of services DCC provide include:

- searching, analysing and advising on availability of trade marks;
- filing and prosecuting trade mark applications directly before:
 - the Australian Trade Marks Office (ATMO);
 - IPONZ; and
 - IPOS;
- advising on the filing of trade mark applications internationally including through the 'International Registration' system (Madrid Protocol);
- registering and maintaining business, company and domain names; and
- renewing trade marks registrations.

Figure 3.5 provides a summary of the number of matters currently being managed by DCC broken down by stage of the trade mark lifecycle.

FIGURE 3.5: LIFECYCLE OF TRADE MARKS



Source: DCC and FPA management analysis and Inprotech data up until 30 June 2016

A significant portion of DCC's trade mark revenue is also derived from IP matters not directly related to the trade mark application process and often takes the form of strategic advice. Such services include the following:

- auditing and managing trade mark portfolios;
- due diligence enquiries;
- acting for clients in opposition and removal actions before the ATMO and IPONZ in addition to managing similar actions on behalf of its Australian client base through agents in other countries; and
- advising in relation to trade mark infringement, breaches of the misleading and deceptive conduct provisions of the *Competition and Consumer Act 2010* (Cth) (Schedule 2 – Australian Consumer Law) and passing off at common law.

In Australia in CY14 and CY15 DCC was involved in approximately 15% of all oppositions before the ATMO in which a formal decision was issued.

DCC manages the trade mark portfolios of many large Australian corporations, including ASX listed companies. DCC handles the trade mark application and registration process for these entities in almost every country in the world. As a result DCC has an extensive network of Foreign Associates with whom DCC has longstanding relationships.

3.3.4. Legal services

DCC operates an IP focused commercial law and litigation practice with six Principals and a total of 20 professionals. DCC's legal practice operates as a separate commercial law firm and partnership within DCC, with each professional being a qualified and registered Australian legal practitioner.

DCC's legal practice provides litigation services in relation to all forms of IP including patents, designs, trade marks and copyright. Litigation services represent the majority of the revenue generated by DCC's legal practice. In addition, it also provides advice in relation to the following aspects of IP related commercial law:

- structuring advice including shareholders agreements, joint venture agreements and technology acquisition and divestment agreements;
- advice on the drafting and negotiation of IP related agreements including supply and distribution agreements, licensing agreements, non-disclosure agreements and R&D agreements; and
- general IP related commercial law advice relating to trade secrets, privacy, e-commerce, labelling advice, due diligence, IP portfolio audits, website terms and conditions, anti-counterfeiting programs and trade practices compliance.

DCC's legal practice primarily provides services in relation to transactions and disputes within Australia to both local and international clients. On occasion, DCC's legal practice may also assist in foreign matters with the assistance of Foreign Associates, for instance, by taking evidence or depositions from local witnesses for use in foreign litigation.

DCC's legal practice has a close relationship with DCC's other practice areas which are its largest sources of referrals and revenue. However, a material portion of DCC's legal practice clients are sourced independently from DCC. DCC's legal practice enables DCC to provide a complete suite of IP services to its clients. This capability entrenches the client relationship by reducing the opportunity for competing firms to provide services and form a relationship with DCC's clients.

SECTION 3 COMPANY OVERVIEW

3.3.5. Administrative services

Each of the Firms has an administrative group which assists with the filing and processing of patent, design and, in the case of DCC, trade mark applications and renewals. Specific functions include:

- formal documentation;
- monitoring of deadlines;
- filing of examination requests and payment of acceptance fees; and
- payment and monitoring of renewal fees.

Some of these functions are labour intensive. While the Firms have independently undertaken ongoing improvements in technology systems and processes to streamline these functions and increase efficiencies, the Company believes that there remains further opportunities to significantly reduce expenses. In addition, the migration of FPA's ICT requirements to DCC's infrastructure has the potential to drive cost savings and margin expansion.

3.4. REVENUE MODEL

The Firms generate revenue by providing services associated with the creation, protection, commercialisation, enforcement and management of IP rights. Due to the long term nature of the IP lifecycle, the Firms are able to generate revenue from their clients over a relatively long period.

For clients seeking to register their own IP, the Firms provide services across the patent and, in respect of DCC, the trade mark life cycles, being pre-filing, filing, prosecution and renewal. As at 31 March 2016 the Firms had a total of approximately 80,000 active patent, trade mark and design cases at various points in the IP lifecycle. Generally, the majority of fees are earned during the initial filing and prosecution phase of the patent or trade mark process. After this, the Firms typically generate a smaller amount of revenue through ongoing renewals which can be up to 20 years or more for patents and indefinitely for trade marks. This renewal revenue is generated either directly or via commissions paid to the Firms by a renewal service provider. Where IP oppositions or infringements arise during the IP lifecycle they can also generate substantial revenue for the Firms.

In addition, both Firms provide clients with strategic advice which may not be directly related to the application process. This advice may be in relation to the client's existing IP portfolio and involve analysis of competitor IP portfolios or the scope and availability of potential IP rights.

Pricing at each of the Firms is based on an hourly rate component for professional work plus fixed fees for specific steps throughout the application and prosecution process. The Firms maintain a schedule of fees denominated in Australian dollars, US dollars and Singapore dollars. DCC's legal services area generally charges fees based on hourly rates, with some agreed fees for a defined scope of work.

For certain non-contentious project based work the Firms may enter into fixed fee project engagements with clients. These arrangements are usually for a fixed period and subject to carve outs in the event that the scope of the project varies. The Firms do not enter into contingency or 'no win no fee' arrangements with their clients.

Importantly, the Firms invoice their clients and generate cash regularly. Both Firms practice frequent periodic invoicing which ensures that WIP is kept to a minimum. In aggregate, the two Firms issued over 63,000 invoices in FY15.

3.5. GEOGRAPHIC COVERAGE

Each Firm services a broad base of clients across numerous jurisdictions. Both Firms' principal operations are in Australia where each Firm services both local clients and international clients in respect of their Australian IP rights. Asia has also been a strategic focus of both Firms in recent times given the region is becoming increasingly important to multinationals as economies continue to grow and industrialise with corresponding growth in R&D investment from Asian companies and institutions. In order to take advantage of this environment, DCC opened an office in Singapore in July 2015 which is currently staffed by four IP professionals and two support staff. DCC's presence in Singapore provides it with the ability to act directly for its local clients and international clients in Singapore and to coordinate their IP strategies across other Asian jurisdictions. Increasingly, the Firms' multinational clients are seeking a 'one-stop shop' to coordinate their Asian IP procurement and portfolio management.

Outside of Australia, New Zealand and, in the case of DCC, Singapore, the Firms provide services for their local clients through a broad network of Foreign Associates. A summary of the services provided by the Group across various jurisdictions and how they are delivered is outlined in Figure 3.6.

FIGURE 3.6: QANTM GEOGRAPHIC COVERAGE

		Filing jurisdiction		
		Australia and New Zealand	Asia	Rest of the World
Client type	Originating clients	Direct	<ul style="list-style-type: none"> – Via Foreign Associates – DCC direct in Singapore 	Via Foreign Associates
	Offshore clients	Direct	<ul style="list-style-type: none"> – Via Foreign Associates – DCC direct in Singapore 	Primarily via Foreign Associates

		Filing jurisdiction		
		Australia and New Zealand	Asia	Rest of the World
Client type	Originating clients	DCC direct	<ul style="list-style-type: none"> – DCC direct in Singapore and via Foreign Associates in other jurisdictions 	DCC via Foreign Associates
	Offshore clients	DCC direct	<ul style="list-style-type: none"> – DCC direct in Singapore and via Foreign Associates in other jurisdictions 	DCC primarily via Foreign Associates

Source: DCC and FPA management analysis

DCC's primary offices are located in Melbourne, Sydney, Brisbane and Singapore. In addition, DCC has a presence and ongoing access to offices in Newcastle, Geelong, Greater Western Sydney, Hobart, Launceston, Adelaide and Canberra.

FPA has offices in Melbourne and Sydney which service its entire base of local clients and international clients.

3.6. CLIENTS

Both Firms have diverse client bases ranging from start-up ventures and SMEs to Fortune 500 multinationals, public sector research institutions and universities. In terms of revenue, the Firms' client base is primarily corporates and not consumers. In aggregate as at 30 April 2016, the Firms had active matters for over 85 Fortune Global 500 companies either directly or through Foreign Associates. The majority of the Firms' clients are located in the US, EU, Japan and Australia and can be broadly divided into three groups:

- local clients, which include Australian and New Zealand based corporates, public sector research institutions, universities and private individuals; and
- international clients which include:
 - direct foreign corporates, being international clients that are engaged directly by the Firms and include Fortune Global 500 companies and other foreign multinational corporations; and
 - Foreign Associate clients, which are international clients referred to the Firms by Foreign Associates.

Both Firms have relationships with a broad range of Foreign Associates internationally. These Foreign Associates engage DCC or FPA to act on behalf of international clients where that client wishes to obtain IP protection in Australia or New Zealand (often as part of the 'national phase entry' of PCT applications). Similarly, DCC and FPA will engage a Foreign Associate to act on behalf of a local client that wishes to obtain IP protection in the Foreign Associate's jurisdiction. This reciprocity between the Firms and their network of Foreign Associates is important in generating incoming referrals of international clients and revenue for the Firms.

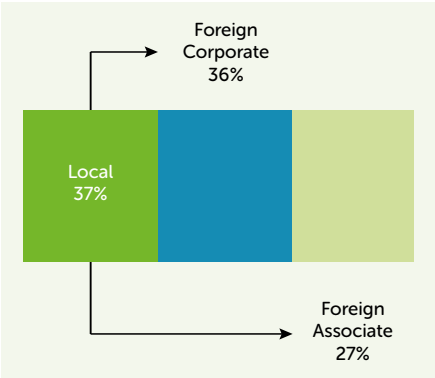
A breakdown of the Firms' aggregate FY15 Service Charges by each of the three client groups is set out in Figure 3.7. By individual Firm, the proportion of DCC's FY15 Service Charges attributable to international clients was 59% and the proportion attributable to local clients was 41%. The proportion of FPA's FY15 Service Charges attributable to international clients was 74% and the proportion attributable to local clients was 26%.

The Company believes that one of the benefits of combining DCC and FPA is the increased collective scale and further broadening of the Firms' client bases. In FY15 the largest client across the two Firms represented 2% of aggregate FY15 Service Charges and the top 20 clients across the two Firms represented approximately 20% of the Firms' aggregate FY15 Service Charges, as set out in Figure 3.8. By Firm, DCC's largest client represented approximately 3% of its FY15 Service Charges and FPA's largest client represented approximately 9% of its FY15 Service Charges.

SECTION 3 COMPANY OVERVIEW

The Firms both have long-term relationships with many of their clients. Of the Firms’ top 20 clients by aggregate FY15 Service Charges, 16 have been clients of at least one of the Firms for more than 15 years and 12 have been clients with at least one of the respective Firms for more than 20 years. By Firm, of DCC’s top 20 clients by FY15 Service Charges, 15 had been clients of DCC for more than 15 years and 11 had been clients for more than 20 years. Of FPA’s top 20 clients by FY15 Service Charges, 13 had been clients of FPA (including its predecessor) for more than 15 years and seven had been clients for more than 20 years.

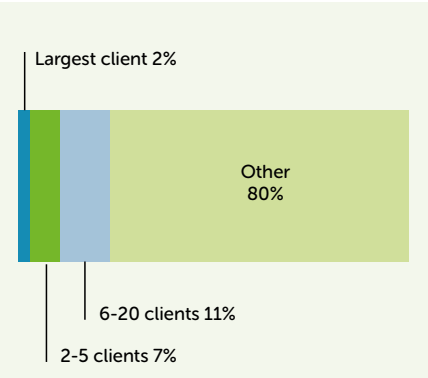
FIGURE 3.7: SERVICE CHARGES SPLIT FY15



Source: DCC and FPA management analysis

Note: Represents the proportion of the Firms’ aggregate FY15 Service Charges sourced from each client type.

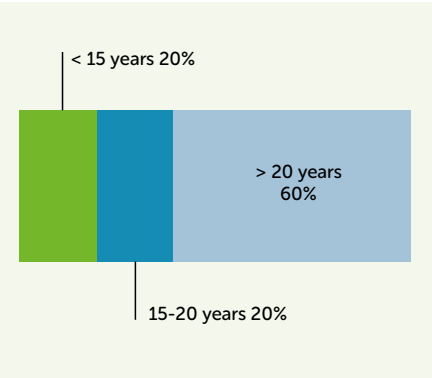
FIGURE 3.8: SERVICE CHARGES – CLIENT SPLIT (FY15)



Source: DCC and FPA management analysis

Note: Based on the two Firms’ aggregate FY15 revenue. Based on Service Charges only – excludes Associate Charges.

FIGURE 3.9: CLIENT RELATIONSHIP HISTORY OF TOP 20 CLIENTS (FY15)



Source: DCC and FPA management analysis

Note: Based on the two Firms’ aggregate FY15 Service Charges. Based on top 20 clients across the two Firms by FY15 Service Charges.

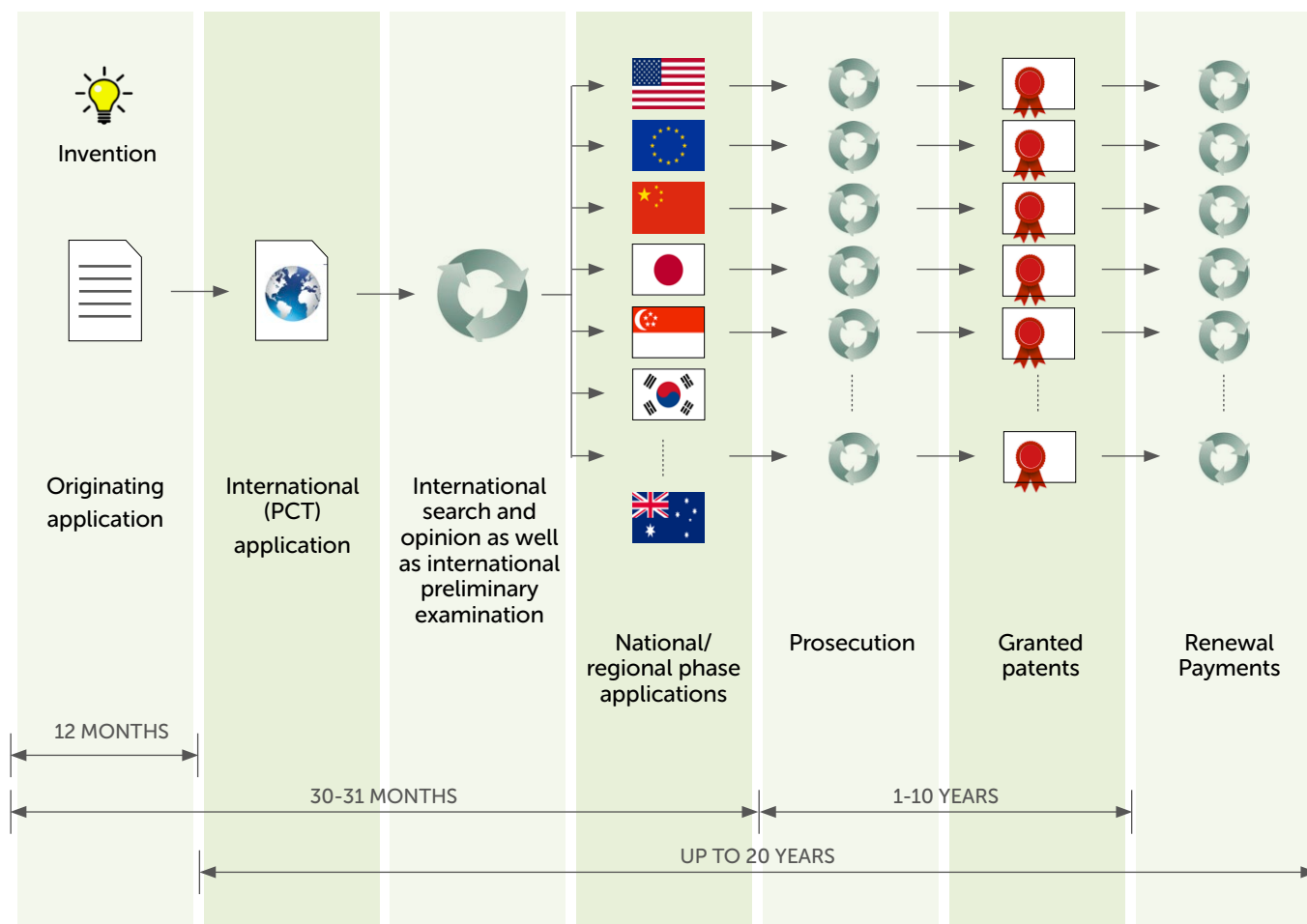
3.6.1. Local clients

The Firms both have strong local client bases. The Company believes that local clients offer a number of advantages:

- local clients typically generate greater revenue per application due to the Firms’ direct involvement in the original IP analysis and advice and the drafting of IP applications, together with the potential for ongoing advice in relation to freedom to operate, infringements and commercialisation;
- applications filed on behalf of local clients typically generate revenue over a longer period due to the filing of multiple applications in offshore jurisdictions, usually as part of the PCT process;
- referral of local clients to Foreign Associates often assists in generating reciprocal referrals of international clients to the Firms; and
- the original IP analysis, advice and drafting of applications for local clients ensures that professional staff remain at the leading edge of the profession.

Figure 3.10 demonstrates the PCT process and the ability of the Firms to generate long term revenues from local clients seeking patent protection internationally. These originating applications can generate a number of future applications and prosecutions as the client enters the national phase in multiple jurisdictions as part of the PCT process. The national phase patent applications filed in jurisdictions other than Australia, New Zealand and Singapore (in the case of DCC) are filed by Foreign Associates. However, the Firms stay actively involved and generate revenue during the filing and prosecution of each national phase application in each additional jurisdiction where patent protection is sought by the local client. Accordingly, a single originating patent application from a local client has the potential to generate substantially more revenue than the Firms are able to generate from an application filed in Australia on behalf of a foreign client.

FIGURE 3.10: PCT INDICATIVE PROCESS



Source: DCC and FPA management analysis

The patent attorney with responsibility for the drafting of an original patent application acquires detailed and specific knowledge of the technical subject matter of the invention and the broader patent family. This attorney and the patent specific knowledge acquired by them means that they are usually best placed to provide any future advice in relation to patent infringement or litigation support either in Australia or internationally.

3.7. MARKET POSITION

The Company considers that the Australian market for IP services is relatively mature but fragmented, despite some recent consolidation. Across the Firms' three service areas, key competitors include:

- other large specialist IP services firms and groups;
- smaller specialist IP services firms and sole practitioners;
- IP groups within commercial law firms; and
- niche providers of specific services such as IP renewal and PCT national phase entry service providers.

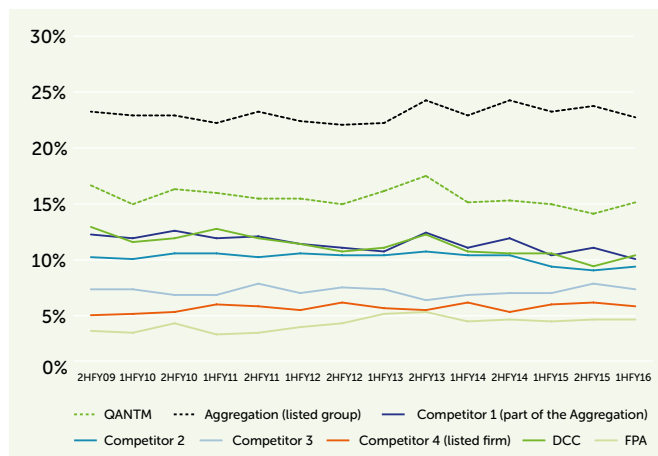
3.7.1. Patents and designs

Given the broad range of services undertaken by the Firms in respect of patents and designs, there is no absolute measure of market position. The number of patent applications filed by the Firms in Australia provides a measure of one segment of the market, although Australian filings are only one component of the Firms' revenue. Australian filings do not capture the substantial revenue generated by the Firms from overseas filings, the provision of strategic advice and the preparation of patent and design applications and opposition and infringement engagements.

In aggregate, the Firms would have been the second largest firm or group in the Australian market measured by total CY15 patent applications filed at the Australian Patent Office, with a total of 14.3%. By Firm, DCC filed 9.8% of applications in CY15 which would also have made it the second largest firm or group in the Australian market in its own right. FPA filed 4.6% of applications in CY15. These figures are set out in Figures 3.11 and 3.12.

SECTION 3 COMPANY OVERVIEW

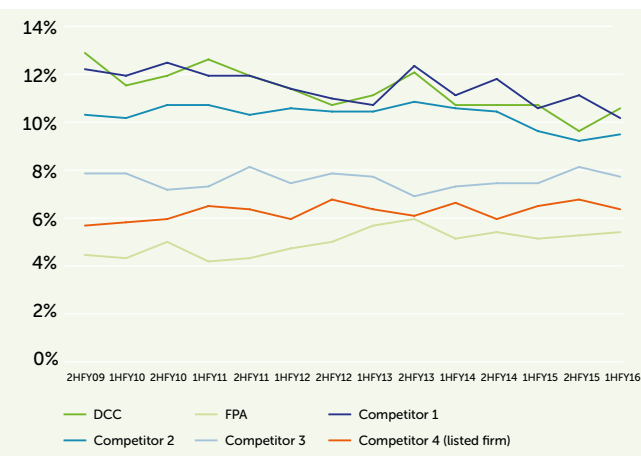
FIGURE 3.11: SHARE OF AUSTRALIAN PATENT APPLICATIONS FILED (INCLUDING GROUPS)



Source: DCC and FPA management analysis and estimates based on IP Australia data

Note: Applications filed based on agent recorded with IP Australia as at 1 July 2016 and may not reflect any change of agent recorded since filing. Assumes QANTM and the Aggregation (a recently established group) operated during the relevant periods

FIGURE 3.12: SHARE OF AUSTRALIAN PATENT APPLICATIONS FILED (INDIVIDUAL FIRMS ONLY)



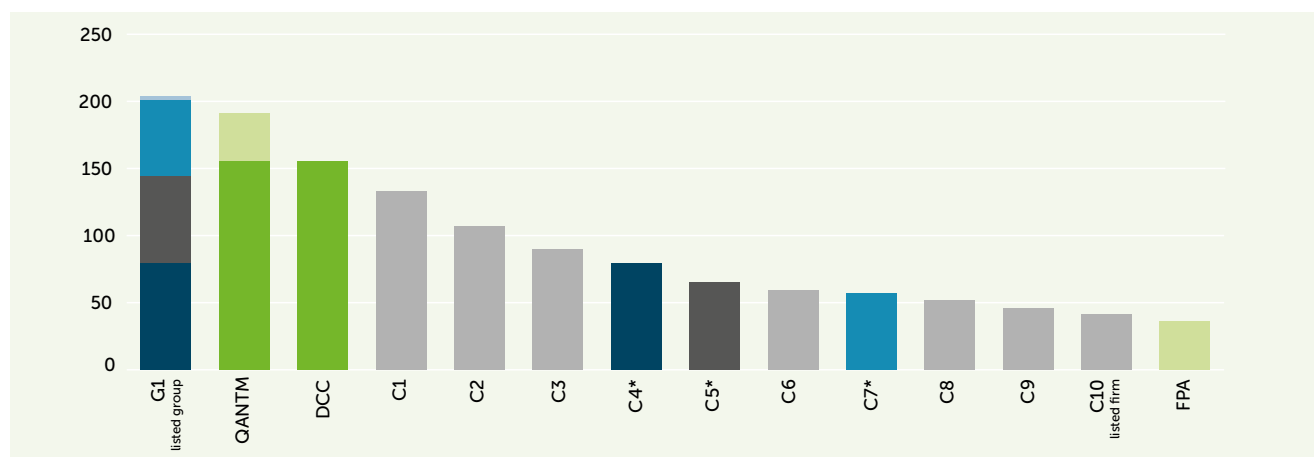
Source: DCC and FPA management analysis and estimates based on IP Australia data

Note: Applications filed based on agent recorded with IP Australia as at 1 July 2016 and may not reflect any change of agent recorded since filing

If QANTM had operated in CY15, the top 5 firms or groups combined would have filed approximately 59% of the total patent applications filed. The remainder of the market is relatively fragmented with a large number of smaller firms.

The Firms' strength with local clients is reflected in the fact that, DCC filed more PCT applications for Australian clients in its own right in CY15 than any other individual firm. In aggregate, the two Firms lodged the second most PCT applications in CY15 by any group. The listed group that filed the most PCT applications and Australian patent applications in CY15 includes four individual Australian patent attorneys firms. As set out in Section 3.6.1, these PCT applications can result in multiple subsequent applications in overseas jurisdictions and therefore significant long-term revenue opportunities.

FIGURE 3.13: AUSTRALIAN PCT APPLICATIONS FILED IN CY15



Source: DCC and FPA management analysis and estimates based on WIPO data (PCT applications filed at IP Australia as the receiving office) as at 1 July 2016. Patent applications are generally not filed until at least 18 months from the earliest filing date. Accordingly, the total number of PCT applications filed in any 12 month period may not be known until 18 months or more subsequent to the conclusion of that period.

Note: Based on the two Firms' aggregate CY15 PCT applications. This analysis assumes QANTM and Group 1 (a newly formed competitor group of businesses) operated as a group in CY15.

* part of G1 (listed group).

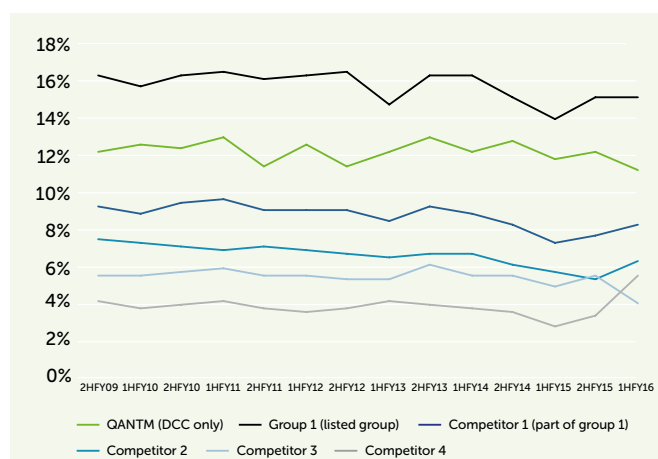
3.7.2. Trade marks

Given the broad range of services undertaken by various firms in respect of trade marks, there is no absolute measure of market position. The number of trade mark applications filed by DCC in Australia provides an important measure of the firm's market share in this area but does not capture the volume of applications filed internationally by DCC. In CY15, DCC filed approximately the same number of foreign applications as it filed in Australia. The number of applications filed also does not account for the revenue generated by DCC from the provision of strategic advice in relation to adoption or use of trade marks, oppositions, infringement matters and renewals services.

The Firms compete against a range of individual firms, some of which have recently combined to form a group with a common ownership structure.

When compared with individual IP firms or law firms with a trade mark practice, DCC has the largest market share of Australian applications filed before the ATMO. Since 1999, DCC has filed more trade mark applications before the ATMO than any other individual firm. A graph of the market share of the top 5 Australian firms is below:

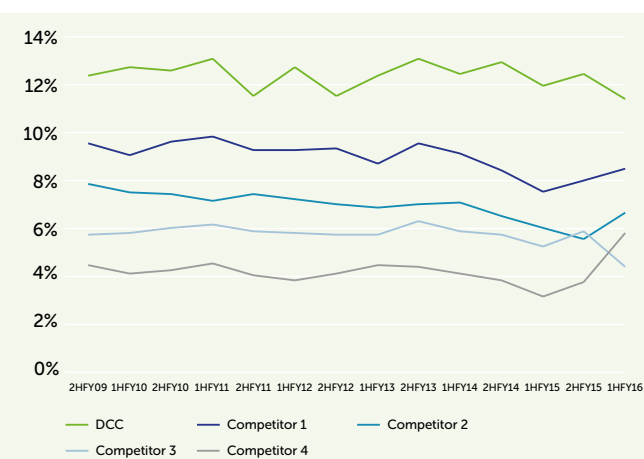
FIGURE 3.14: SHARE OF AUSTRALIAN TRADE MARK APPLICATIONS FILED (INCLUDING GROUPS)



Source: DCC and FPA management analysis and estimates based on IP Australia data

Note: Top 50 agents only. Assumes Group 1 (a recently established group) operated during the relevant periods

FIGURE 3.15: SHARE OF AUSTRALIAN TRADE MARK APPLICATIONS FILED (INDIVIDUAL FIRMS ONLY)¹



Source: DCC and FPA management analysis and estimates based on IP Australia data

Note: Top 50 agents only

3.7.3. Legal services

The Company believes that DCC's legal practice is one of the leading specialist IP legal practices in Australia. It competes with a range of competitors who provide IP related commercial legal advice and litigation services including:

- other large specialist IP services firms;
- smaller specialist IP services firms;
- IP groups within large commercial law firms;
- boutique IP law practices, the majority of which are associated with major patent attorney firms;
- increasingly, major international firms who are starting IP operations in Australia; and
- to a lesser extent emerging IP groups in medium sized commercial law firms.

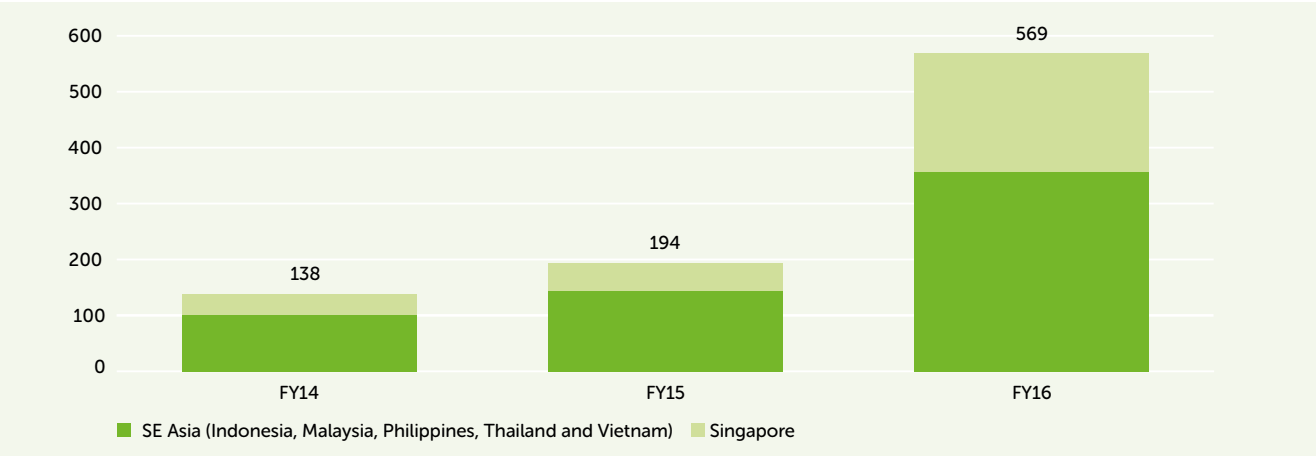
3.7.4. Singapore and Asia

Both Firms provide services to various local clients and international clients in relation to the protection of IP rights in Asia. In July 2015 DCC opened a Singapore office as part of its strategic focus on expanding its presence in Asia.

While the Firms currently have low market shares in Asian jurisdictions, the aggregate number of Asian patent applications filed by the Firms has increased significantly in recent times, and the number of patent applications handled by the firms has increased by 569 in FY16. The aggregate patent applications filed by the Firms (either directly or via agents), or transferred to the Firms, in various Asian jurisdictions between FY14 and FY16 is set out in Figure 3.16.

SECTION 3 COMPANY OVERVIEW

FIGURE 3.16: ASIAN PATENT APPLICATIONS FILED BY, OR TRANSFERRED TO, THE FIRMS



Source: DCC and FPA management analysis and estimates based on Inprotech data up until 30 June 2016

The Firms’ competitors in Singapore include:

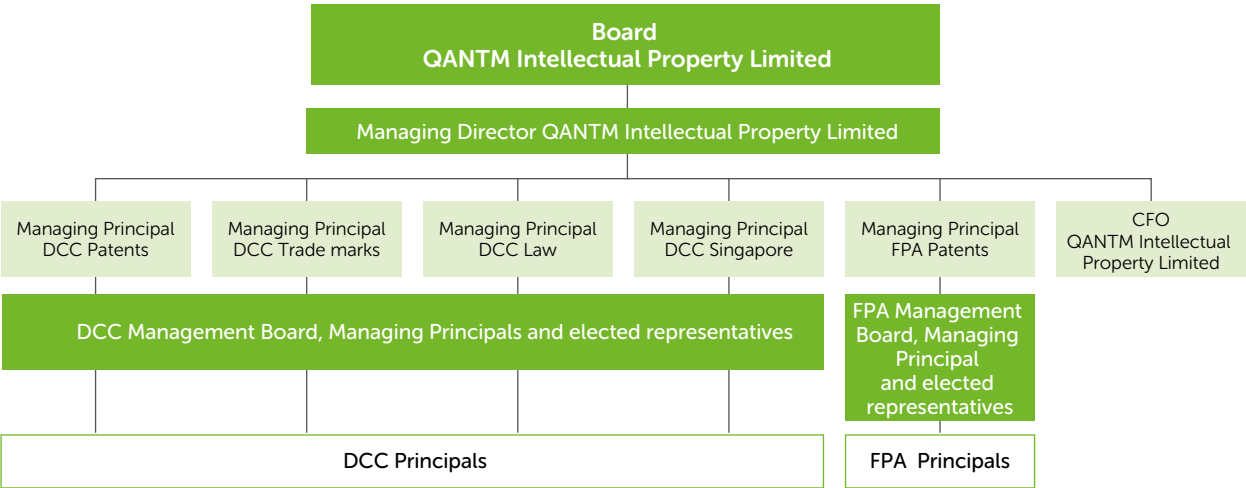
- a small number of international and local specialist IP services firms; and
- IP groups within large commercial law firms.

Across the rest of Asia, the size and sophistication of the IP services market varies. In the less sophisticated markets, the Firms’ competitors include small specialist IP services firms and IP practice groups within commercial law and accounting firms. In the more developed Asian countries, the competitors are similar to those in Singapore.

3.8. PEOPLE

In aggregate, the Firms employ approximately 373 people as at the date of this Prospectus, including 136 professional staff across patents and designs, trade marks and legal services. Individually, DCC has approximately 299 staff including 106 professionals and FPA has approximately 74 staff including 30 professionals. The Group’s proposed organisational structure on Listing is set out below.

FIGURE 3.17: MANAGEMENT STRUCTURE



Source: DCC and FPA management

The Firms employ some of Australia’s leading IP professionals. A summary of the qualifications of the Firms’ professional staff as well as their number of years with the Firms is set out in Section 6.3.

FIGURE 3.18: EXPERIENCE AND QUALIFICATIONS

	Total professional staff	Principals	Average years of experience (Principals)	Master's degrees	PhDs
Patents (DCC)	66	24	22	33	29
Patents (FPA)	30	8	25	17	14
Trade marks (DCC)	20	7	24.5	6	–
Legal Services (DCC)	20	6	32	2	1
Total (DCC and FPA)	136	45	25	58	44

Source: DCC and FPA management

The Firms' ability to generate revenue relies largely on the skill and expertise of its employees. The market for high quality IP professionals is becoming increasingly competitive. It is anticipated that Listing will enable the Firms to more effectively retain and attract talented employees through more flexible remuneration packages, including the availability of equity in the Company. In addition, the listed environment may provide the Firms' employees with more varied career opportunities and flexible work practices.

The Firms' professional staff are supported by a number of administrative staff, support staff and corporate service specialists. The administrative staff are involved with fee earning activities associated with filing IP applications in Australia on behalf of local clients and international clients. The support staff are responsible for the day-to-day management of non-fee earning administrative activities. The corporate services specialists are responsible for the finance, marketing, human resources and ICT functions of their respective Firms.

3.9. ICT SYSTEMS

Currently, DCC and FPA operate independently and they intend to continue to utilise separate ICT systems in the period immediately following Listing. FPA has access to separate ICT systems and infrastructure. After Listing, DCC's ICT function will be managed by a separate subsidiary of the Company. From Listing, FPA will progressively migrate all of its data, systems and processes to the Company's ICT platform by 31 March 2017 in accordance with an agreed IT migration plan. The migration of FPA's data and ICT systems is subject to strict separation of all confidential client data in order to ensure that the integrity of the Firms' respective confidential client information is maintained.

The ICT systems currently used by both FPA and DCC comprise a 'stack' of third party software systems which are customised to each Firm's specific requirements. The tasks and functions which are enabled and facilitated by each Firm's ICT systems include:

- billable time recording;
- workflow and task management;
- file and document management;
- critical date management;
- accounting and financial reporting functions;
- document and precedent template generation;
- business development and customer relationship management tools;
- management reporting functions;
- payroll and human resource functions;
- invoicing and debtor management; and
- disaster and data recovery systems.

In addition to utilising third party software systems, both DCC and FPA have in-house IT development teams which create, test and implement complementary software systems which are integrated into the existing ICT systems to create further efficiencies for the Firms' employees.

The provision of the Firms' professional IP services rely substantially on the continuous operation of fast and efficient ICT infrastructure. DCC has invested, and the Company will continue to invest, in its ICT systems which are built and configured for scalability. The Company believes there is sufficient capacity for FPA's ICT operations to be migrated to the Company's ICT infrastructure and it is anticipated that this migration will commence soon after Listing. In addition, the Company believes that as the Group expands both organically and, potentially by way of acquisition, it will be able to drive economies of scale and costs savings by leveraging the Company's ICT systems and infrastructure.

SECTION 3 COMPANY OVERVIEW

IP Australia, IPONZ and IPOS are working towards systems that will require all correspondence and IP applications be lodged electronically through business to business (B2B) digital portals. DCC's ICT systems are currently being developed to enable it to interact seamlessly with these B2B digital portals. It is anticipated by the Company that international bodies including WIPO and other national IP offices will increasingly migrate away from paper based to entirely digital B2B communication systems. The Company believes that its ICT systems will enable both Firms to effectively manage the ongoing evolution to digital systems in the IP marketplace and this will lead to savings in overheads for the Firms over time.

Both Firms' respective ICT systems have robust disaster management and recovery systems in place which are tested regularly. Each Firm's client and financial data is backed up regularly and stored off site at secure data centres. In addition, all software and hardware updates are rigorously tested in a controlled environment before they are rolled out throughout each Firm's ICT systems.

3.10. RECOGNITIONS AND AWARDS

Both Firms are regularly recognised by industry publications and commentators as leading IP firms. 'Managing Intellectual Property' is considered one of the industry's leading publications and recently named DCC as the winner of the 'Prosecution Firm of the Year' award for 2016. DCC has won this award eight times in the last 11 years.

'Managing Intellectual Property' also named a number of professionals from both firms as 'IP Stars' in 2015 or 2016. From DCC these included, Adam Sears, Bill Pickering, Brett Lewis, David Webber, Ian Pascarl, John Hannebery, John Hughes, Marion Heathcote, Mark Roberts, Michael Caine, Michael Wolnizer, Richard Brown, Richard Jarvis, Ross Clark, Trevor Stevens, Victor Argat and from FPA, they included James Cherry, John Dower, Tom Gumley and Damian Slizys.

The 'WTR 1000' is considered one of the leading guides of trade mark professionals internationally. DCC is the only Australian firm with a gold ranking for both 'prosecution and strategy' and 'enforcement and litigation'. DCC also has more trade mark professionals recognised in this guide than any other Australian firm, including Marion Heathcote, Michael Wolnizer, Adam Sears, Ian Drew, Nick Holmes, Fiona Brittain, John Hannebery and Chris Jordan.

A number of the Principals and senior employees regularly contribute and are involved with national and international IP organisations, conferences and publications. In addition, several of the Principals hold or have held posts as university lecturers in IP related fields of study.

Figure 3.19 provides some examples of the Firms' involvement in national and international IP industry associations.

FIGURE 3.19: INDUSTRY CONTRIBUTION

Professional	IP industry organisation	Role
Leon Allen	Asian Patent Attorneys Association (APAA)	Past Australian International Vice President, Past Australian President
	Institute of Patent and Trade Marks Attorneys (IPTA)	Past President
		Past Councillor
		Tutor Academy of Education
		Past Chairman
	Australian Government Advisory Council on Intellectual Property (ACIP)	Past Member
	Intellectual Property Research Institute of Australia (IPRIA)	Past Member of Advisory Board
Geoff Pryor	Fédération Internationale des Conseils en Propriété (FICPI)	Board Tutor, Academy of Education
	University of Melbourne (Masters of Intellectual Property)	Senior Fellow
Geoff Pryor	Asian Patent Attorneys Association (APAA)	Past Co-Chair Copyright Committee
David Webber	Asian Patent Attorneys Association (APAA)	International Councillor, Australian Representative on Patents Committee

Professional	IP industry organisation	Role
	Asian Patent Attorneys Association (Australia Group)	Vice President, Secretary and Treasurer
Brett Lewis	Fédération Internationale des Conseils en Propriété (FICPI)	Trade Marks Committee Member
Darron Saltzman	Law Council of Australia	Past Deputy Chair, eCommerce Committee
Michael Caine	Institute of Patent and Trade Marks Attorneys (IPTA)	Vice President, Convenor of Patents Legislation Committee Former Convenor, International Patents Committee
	Fédération Internationale des Conseils en Propriété (FICPI)	Member and Chair of International Patents Group of Study and Work Commission (CET-3)
Damon Henshaw	International Association for the Protection of Intellectual Property (AIPPI)	Australian Councillor Chair Organising Committee AIPPI Congress Sydney 2017
Michael Wolnizer	International Trademark Association (INTA)	Past Vice Chair Emerging Issues Committee Past Membership Recruitment Taskforce Leader for Asia Pacific Region Past Trade Marks Office Practice Sub-Committee Chair Committee Member Leadership Development Past Chairman (Victoria)
	Intellectual Property Society of Australia and New Zealand (IPANZ)	Trade Marks Committee
	Institute of Patents and Trade Marks Attorney (IPTA)	
Chris Jordan	American Intellectual Property Law Association (AIPLA)	Foreign Affiliate Member
	The International Bar Association	Co-Chair, Intellectual Property and Entertainment Law Committee
	International Trade Mark Association	Past Committee Member, Asia Pacific Anti-Counterfeiting and Enforcement Committee
Mark Roberts	Fédération Internationale des Conseils en Propriété (FICPI)	Australian Councillor and Treasurer
	Institute of Patent and Trade Marks Attorneys (IPTA)	Former Tutor, Academy of Education (Infringement and Validity of Patent Specifications)
Adam Sears	International Trademark Association (INTA)	Past Chair of Harmonisation Committee Committee Member Unfair Competition Committee
Ross Clark	Asian Patent Attorneys Association (APAA)	Committee Member for the Australian Designs Committee
Richard Brown	International Association for the Protection of Intellectual Property (AIPPI)	Australia and New Zealand representative on Standing Committee Q132 – Information Technology and Internet

SECTION 3 COMPANY OVERVIEW

Professional	IP industry organisation	Role
Nick Holmes	International Trademark Association (INTA)	Past Committee Member, Asia Pacific & Canada (parallel imports) Committee Member, Asia Pacific & Canada (famous and well known trade marks)
	IPONZ Hearings Technical Focus Group	Committee Member
	INTA (International Trademark Association) International Moot Court Project Team	Team Member
Ian Drew	International Trade Mark Association (INTA)	Committee Member, INTA Bulletins
Ian Pascarl	Law Council of Australia	Recent Past Chairman, Intellectual Property Committee
Elizabeth Godfrey	International Trade Mark Association (INTA)	Past Committee Member, Internet Committee – Rights Protection Measures Review Subcommittee
Desmond Tan	Association of Singapore Patent Attorneys	Secretary
James Cherry	International Federation of Intellectual Property Attorneys (FICPI)	Member of IP Litigation Group of Study and Work Commission (CET-6)
Brett Connor	Asian Patent Attorney Association Australia (APAA Australia)	Council Member
Damian Slizys	Institute of Patent and Trade Marks Attorneys (IPTA)	Council Member
Nik Ramchand	Asian Patent Attorneys Association (APAA)	Copyright Committee Co-Chair
Gordon Hughes	LAWASIA Business Law Section	Chairman
	LAWASIA eCommerce Committee	Chairman
	Law Council International Law Section	Executive member and former Chairman
Marion Heathcote	Intellectual Property Society of Australian and New Zealand (IPSANZ)	Past Vice President
	International Wine Law Association (Australasian Chapter)	Past member, Committee of Management
	Marques	Chair Indigenous Peoples Right Sub-committee
	International Trademarks Association (INTA)	Has in the past held 10 roles, including board of directors and 6 Committee Chair roles
John Dower	Intellectual Property Society of Australia and New Zealand (IPSANZ)	Past Vice President

3.11. STRATEGY AND GROWTH OPPORTUNITIES

The Company considers that the benefits associated with the establishment of the Group include establishing a more efficient and effective governance structure and enhanced scale in terms of diversity of clients, industries serviced, geographic reach and services provided. The Company believes that both Firms are highly regarded within the IP services profession and among the industry participants to which they provide services. Following Listing, the Company intends to execute its identified growth opportunities and enhance the position and market share of each Firm both in Australia and internationally.

The specific opportunities that the Company believes are available to grow both the revenue and earnings of the Group are outlined below.

3.11.1. Common business processes enabling reduced costs

DCC and FPA share a range of common business processes. While the two Firms will continue to operate as Separate Businesses following Listing, there are a range of opportunities to reduce costs and therefore increase earnings by sharing these costs across the two Firms over time. Areas that have been identified where synergies may be derived include:

- ICT platform costs, licence fees, telecommunications and training;
- payroll systems, staff training and recruitment;
- common financial reporting requirements, e-billing, insurance; and
- sharing the costs of migration to process automation and reducing management time.

In addition, the Firms may be able to generate increased revenue opportunities through a broadened network of local clients, international clients, Foreign Associates and the affiliations of Principals with international IP organisations.

3.11.2. Asian expansion

The Company believes that there is currently a favourable environment for established and reputable IP services firms in Asia. Multinational corporates are increasingly seeking to establish distribution and operations in Asian countries as these economies continue to grow and industrialise. International clients are increasingly seeking a 'one-stop shop' for the registration of patents, designs and trade marks throughout Australia, New Zealand and Asia. These clients prefer the ease and convenience of dealing with an established IP services firm from a developed economy to dealing with an array of agents with varying levels of sophistication across multiple jurisdictions.

Both Firms are focused on Asia as a growth opportunity and the opening of DCC's Singapore office provides the potential to accelerate this growth. The Group's strategy involves:

- managing clients' Asian IP portfolios and filings, building on each Firm's existing relationships with clients and Foreign Associates throughout Asia; and
- building a local origination presence, replicating the Firms' originating client strategy in Australia and drawing on the Firms' technical expertise.

Each of the Firms have achieved early success with large multinational clients in the Asian IP services market

There is the opportunity for FPA to leverage DCC's knowledge of the Singaporean regulatory and commercial environment as well as the established back office and ICT infrastructure in Singapore. The strategy is to maintain a presence in Singapore and use the Firms' established relationship network to target countries including Indonesia, Malaysia, Philippines, Thailand and Vietnam.

3.11.3. Potential acquisitions

The Company believes that Listing provides the opportunity for it to consider and undertake select acquisitions of complementary firms and businesses. Despite some recent consolidation, the Australian IP services industry is considered fragmented and the common business processes utilised by industry participants means there may be opportunities to acquire smaller firms and achieve economies of scale. In addition, the Firms may explore potential acquisitions in Singapore and other Asian countries to accelerate expansion in this region.

The Firms may also seek to expand through lateral hires of senior IP practitioners in both Australia and Asia. The Company believes that Listing provides enhanced opportunities to attract such practitioners.

3.11.4. Increased efficiencies

The Company believes that ongoing IP process automation, continuous development and improvement of DCC's ICT systems has the potential to drive significant further cost savings and efficiencies. Combining the two Firms provides the opportunity for the costs of automation to be shared across both Firms, rather than being incurred individually.

SECTION 3 COMPANY OVERVIEW

3.11.5. Favourable local environment and growth in R&D expenditure

In May 2016 the Australian Federal Government announced the National Innovation and Science Agenda (**NISA**). Under NISA, the Government allocated \$1.1 billion in funding over 2016 and 2017 for the Commonwealth Scientific and Industrial Research Organisation (**CSIRO**), new tax incentives targeting innovation and venture capital, increases in university research funding, investment in science, technology, engineering and maths education and new visas to entice entrepreneurs to Australia. The Company believes that the Firms can take advantage of any growth in R&D expenditure and the creation of new IP rights which may result from NISA, particularly given their leading positions in the market with respect to local Australian clients.

3.11.6. Growth in emerging technologies

There continues to be ongoing investment in a range of emerging technologies that are likely to generate various IP rights. These include:

- *agribusiness* – with innovation in functional foods to address food supply, physiological issues of obesity, heart disease, diabetes and many other conditions influenced or exacerbated by particular food choices and animal nutrition;
- *gene technology* – cutting edge gene technology that can potentially be used to modify genes in order to, for example, treat diseases and create more resilient plants;
- *nanotechnology* – with the engineering of functional systems at a molecular scale, nanotechnology can be utilised to generate technological advancements in electronics, healthcare and industrial processes;
- *battery and energy storage* – ongoing advancements in renewal and alternative energy sources will increase the need for more advanced and efficient energy storage capabilities; and
- *fuel cell technology* – a fuel cell is a device that converts the energy from a chemical reaction into electricity. The further development of fuel cells may in the future provide a viable and popular alternative to the fossil fuel driven combustion engine.

RISKS



SECTION 4 RISKS

4.1. INTRODUCTION

This Section 4 describes the potential risks associated with the operations of the Firms and the risks associated with an investment in the Shares. It does not purport to list every risk that may be associated with an investment in the Shares now or in the future. The occurrence of, or consequences of, some of the risks described in this Section 4 are partially or completely outside of the control of the Company, its Directors and its Management.

The selection of risks is based on the assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk, if it did occur. That assessment is based on the knowledge of the Company as at the date of this Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

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

Before applying for Shares, investors should satisfy themselves that they have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for them, having regard to their own investment objectives, financial situation and particular needs. If investors are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for them, they should seek professional guidance from their solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in the Company.

4.2. SPECIFIC RISKS OF AN INVESTMENT IN QANTM

The Company will own and operate two people and knowledge based professional services businesses. The Firms generate revenue through the provision of expert advice to sophisticated clients in knowledge intensive industries where IP protection is required and utilised. The provision of advice in relation to IP is subject to considerable regulatory overlay at both a national and international level. The Firms rely on their senior professional staff who are highly educated, skilled and experienced in relation to the provision of IP services. The Firms' businesses are subject to a range of internal and external risks.

4.2.1. Foreign exchange risk

A substantial portion of the Firms' revenues and cash flows are generated in USD. The majority of the Firms' key expenses, including rent and wages, are payable in AUD. Accordingly, any appreciation of the AUD against the USD as well as other adverse exchange rate movements, could have an adverse effect on the Company's future financial performance and position. If the AUD appreciates against the USD, the Firms' cash receipts in AUD could be lower which could result in lower net profits for the Company.

DCC has historically used hedging to reduce the impact of currency movements on USD denominated invoices between the time of invoicing and receipt of payment. Following Listing, the Group will use selective hedging where appropriate to set or cap the USD to AUD conversion rate as set out in Section 5.14.

4.2.2. Competition

4.2.2.1. The IP services marketplace

The market for the provision of IP related services is subject to vigorous competition. Patent and trade mark attorneys and lawyers generally compete with one another on factors such as price, responsiveness, range of services available and quality of service.

The number of patent attorneys operating in Australia has increased substantially over the past 10 years. If the marketing or business development actions of competitors or potential competitors of the Firms become more effective, their financial performance or operating margins could be adversely affected or the Firms may be unable to compete successfully. For example, competitors of the Firms might adopt more aggressive pricing strategies to capture market share. Such occurrences may negatively affect the Company's future profitability, planned growth and market share.

The Firms' competitive position may deteriorate as a result of factors including actions by existing competitors, the entry of new competitors, or a failure by the Firms to meet changing market conditions, client demands and changes in the technology environment. Following Listing the Firms will continue to operate as Separate Businesses and in certain circumstances may compete for the same clients. Any changes in either of the Firms' competitive position or the competitive landscape may result in a decline in Service Charges and margins of the Company, which may have a material adverse effect on the Company's future financial performance and position.

4.2.2.2. Loss of key clients

The Firms are not reliant on any one client or group of their large clients. However, the loss of one or more key clients may have a negative impact on the Company's financial performance. Loss of a key client may occur for any number of reasons beyond the control of the Firms, including change in client's management, insolvency, corporate takeover activity, aggressive pricing by competitors, dissatisfaction with services provided by the Firms, commercial concerns in relation to the common ownership of the Firms or the departure from the Firms of a senior employee with the primary client relationship. The departure of a key client may adversely affect the financial performance of the Company until such time that the foregone revenue can be replaced by the custom of a new client or the expansion of revenue derived from an existing client.

4.2.2.3. Loss of key Foreign Associate relationships

The Firms have a number of undocumented referral arrangements with IP firms in other jurisdictions including the US, EU and Japan. These Foreign Associates refer a significant volume of work to the Firms, often in connection with Australian national phase patent applications under the PCT and trade mark applications under the Madrid Protocol. The Firms expend considerable effort maintaining and developing these Foreign Associate relationships. Given the informal nature of these relationships, competing firms in the Australian IP market may seek to establish referral relationships with one or more of the Firms' existing Foreign Associates. In the event that the referrals received from one or more Foreign Associates are reduced or cease altogether the Company's financial performance may be adversely affected.

4.2.2.4. Client insourcing of IP services

A significant portion of the Firms' revenues are derived from large corporate clients. In an effort to control costs some of these clients may in the future look to perform an increasing portion of their IP related work internally. Such initiatives from clients who previously outsourced such work to the Firms may adversely affect the Company's financial performance.

4.2.3. Personnel

The Firms are knowledge based professional services businesses. Accordingly, the performance and retention of their professional employees is central to the Company's ongoing financial performance. The Australian market for highly skilled IP professionals is competitive. The recent listings on the ASX of other Australian IP firms has resulted in increased competition for talent in the IP marketplace. The loss of any of the Firms' key personnel may have an adverse financial impact on the Company. In addition, the departure of key personnel may result in the subsequent loss of key clients and other employees. The Firms depend substantially on their Principals, the loss of whose services might significantly delay or prevent the achievement of their business strategy.

The Restructure and Listing will result in a significant change to the manner in which the Principals are remunerated and incentivised. In addition, following Listing, the Company, its Principals and other employees will be subject to new structures and procedures relating to the governance, management and operations of the Company's businesses. These changes may have an adverse impact on the Company's ability to attract, retain and motivate its Principals and employees, which may in turn have an adverse impact on the Company's financial performance.

Employee remuneration costs represent the largest single component of the Company's overall cost base. Any material increase in head count or salary levels without a corresponding increase in revenue may adversely affect the Company's cash flows, margins and profitability.

The ability of the Firms to retain and attract sufficiently qualified and experienced individuals is critical to its success. In addition, it is critical to the Firms that their professional employees are qualified with respect to emerging fields of technology. The Firms may not be able to attract and retain suitable individuals currently or in the future on acceptable terms, or at all, and the failure to do so may adversely affect the Company's business.

4.2.4. Regulation

The IP regime is predominantly concerned with the legal protection of innovation and technology. IP regulation is subject to ongoing change as it endeavours to stay apace with rapid technological advancement. In addition, the multi-jurisdictional nature of IP regulation internationally, means that the regime is subject to competing forces between rationalisation for the purposes of ease of business and political self-interest and national sovereignty.

The Firms are able to generate revenue by virtue of their professional staff's expert knowledge of the legal, technical and regulatory landscape of IP. Any changes to Australian or international legislation, regulations, treaties, conventions, guidelines or the general law in relation to the IP regime has the potential to adversely affect the Firms' ability to generate revenue. The regulatory risks set out below are currently being discussed and debated by various IP industry organisations and governments. The risks described below are those that the Company believes are most relevant to the Company's businesses. Whether these risks will come to pass in the currently proposed form and their potential impact cannot currently be determined with any degree of certainty.

SECTION 4 RISKS

4.2.4.1. Disintermediation

In general terms disintermediation refers to the removal of 'middle men' or 'agents' between customers and suppliers of goods or services. In the context of IP related services it refers to the role of a patent attorney in acting on behalf of a client through the IP application and registration process. Under current regulations, patent attorneys in Australia have the exclusive right to provide certain IP services in relation to patent applications and patents. Any change to these requirements could result in IP applicants and Foreign Associates dealing directly with the Australian IP offices. In the event that the regulatory landscape were to change it is possible that patent attorneys would be subjected to far greater competition which may adversely affect the Company's financial performance.

4.2.4.2. Productivity Commission – draft report on Australia's IP arrangements

In August 2015 the then Treasurer, Joe Hockey, requested that the Productivity Commission undertake an enquiry into Australia's IP arrangements, including their effect on investment, competition, trade, innovation and consumer welfare. An issues paper was published in October 2015 inviting public submissions and a draft report was published on 29 April 2016 inviting further public submissions (**Draft Report**).

Included in the Draft Report are recommendations to introduce an objects clause into the Patents Act, raise the level of inventive step required for a standard patent, modify the manner in which pharmaceutical patent term extensions are granted, repeal the innovation patent system, exclude business methods and software from being patentable subject matter, make various amendments to the Trade Marks Act, and carry out a cost and benefits analysis before committing to join the Hague Agreement, an international registration system for designs.

In December 2015, the Federal Government released the National Innovation and Science Agenda (**NISA**). Many of the recommendations of the Draft Report appear to contradict the NISA. The proposed changes in the Draft Report could impact the Firms' revenues, but the likelihood or timing of this occurring and the ultimate impact is uncertain.

4.2.4.3. Electronic Patent Co-operation Treaty (e-PCT)

The e-PCT is an online filing system that enables applicants to file PCT applications online. An extension of the e-PCT online filing system has been under consideration by WIPO for several years. The extension would facilitate national phase entry applications to be filed through the e-PCT filing system. If this extension of the e-PCT filing system was adopted it would enable overseas applicants to directly file national phase patent applications without the need for a local agent. Currently, the Firms receive material revenue through referrals from Foreign Associates and direct engagements from foreign corporates for the filing of national phase applications in Australia, New Zealand (and Singapore in the case of DCC). Following meetings of the PCT working group in May 2016, WIPO has announced that it proposes to carry out a pilot study by deploying a 'proof of concept' system for preparing national phase entry applications to the e-PCT 'demo environment'. Importantly, and as indicated in previous meetings of the PCT working group, 'the International Bureau does not see the purpose of this proposal as reducing the professional role of the national agent in respect of the national phase entry'.¹

If the e-PCT extension was implemented and widely adopted by Foreign Associates and foreign corporates, there would be a risk that the Firms' revenue generation through national phase filings could be adversely affected. The PCT entered into force on 24 January 1978, initially with 18 contracting states. The PCT now has 150 member countries many of which are at varying stages of economic, political and cultural development. Due to these inherent differences and the general unwillingness for nations to cede sovereignty to international bodies or otherwise there is very limited scope for unanimous agreement on any material issues between the PCT member nations. As at the date of this Prospectus there is no planned implementation date for the pilot study or an extension of the e-PCT system to national phase applications.

4.2.4.4. Patent Prosecution Highway (PPH)

The international patent application process under the PCT involves some duplication of patent examination work by different patent offices. The PPH is an evolving set of initiatives designed to accelerate the patent prosecution process through the sharing of information between national patent offices. PPHs are normally established by way of bilateral arrangements between countries or groups of countries. It is proposed that the PPH will reduce the examination workload of patent offices, reduce administrative costs and improve consistency and quality of patents throughout participating countries.

Under a PPH system where a patent claim in one jurisdiction is accepted the examination of the same patent application can be accelerated in the subsequent countries in which it is filed. Under this system the patent office in the subsequent jurisdiction can utilise the search and examination results from the original patent office. The Company does not anticipate that the PPH will have any material adverse effect on the Company's revenue or profitability in the short or medium term.

4.2.4.5. World patent

Since the 1980s, there have been ongoing discussions amongst the members of WIPO regarding the pros and cons of completely harmonising the international patent system and ultimately the creation of a 'world patent'. Under the world patent concept, patent protection would be granted internationally on the granting of a patent by WIPO or a designated

¹ WIPO, PCT working group, ninth session, page 2 (May 2016).

authority. Effectively, national patent offices would be bypassed to the extent that any country joined the world patent treaty. The rationale for a world patent is driven by reduced costs for both applicants and governments in facilitating the granting of multi-jurisdictional patents.

The widespread implementation of a world patent could have a material adverse effect on the Company's financial performance and ability to execute its business strategies. However, the Company believes that it will be extremely difficult to generate the necessary support and agreement in relation to the nature and form of a world patent among the 150 members of the PCT. As with other international bodies such as the UN and the WTO, it is difficult to generate consensus among member states due to each being bound and motivated by national sovereignty and their home constituents. Due to these factors, the Company believes it is unlikely that a world patent will be adopted and implemented in the short, medium or long term.

4.2.4.6. Proposed Trans-Tasman Single Economic Market

As part of the establishment of a Trans-Tasman Single Economic Market agreed by Australia and New Zealand in 2009 (TTSEM), it was proposed that a single Trans-Tasman regulatory regime for Australian and New Zealand patent attorneys and single application and examination processes for Australian and New Zealand patent applications be implemented. However, on 13 July 2016 the New Zealand Parliament's Commerce Select Committee recommended to the New Zealand Parliament that it should not continue with the single application and examination processes for Australian and New Zealand patents. IP Australia is now awaiting a decision on the recommendation from the New Zealand Government.

In light of the New Zealand Parliament's Commerce Select Committee's recommendation against the TTSEM single application patent process it appears less likely to be implemented. Despite this, the impact of the implementation of the TTSEM single application patent process on the Company is set out below.

The Firms do not have an office in New Zealand. However, the Firms are currently able to file patent applications in both Australia and New Zealand on behalf of their clients. These applications are then subject to separate examination by the respective national patent offices. Once the single application initiatives under the TTSEM are implemented, it will be possible to file a single application for both countries. Applicants will be able to file this dual application with either country's patent office. The examination and prosecution of the dual application will then be conducted concurrently and if successful will result in the grant of separate national patents subject to the respective IP laws of Australia and New Zealand.

In February 2015, the Australian Government passed the *Intellectual Property Laws Amendment Act 2015* (Cth), which allows for the implementation of these patent initiatives. Single patent application and examination processes are being developed for patent applications in Australia and New Zealand. It is expected that implementation of the processes will reduce duplication for applicants seeking patent protection in both countries leading to time and potential cost savings.

Under the proposed single application process, it is envisaged that each office will provide an electronic filing facility. An applicant may use either facility to file an identical application in both countries in a single transaction. A filing date and application number would be assigned to the application in accordance with the law and practice of each country.

The Firms currently generate revenue by providing services for separate patent applications in Australia and New Zealand. If the TTSEM single application patent process goes ahead, the implementation may result in a reduction of revenue from clients who previously were required to initiate separate applications. In addition, under the single application system, New Zealand based IP firms may divert clients from the Firms which could reduce revenue. Due to differing economic conditions and market factors New Zealand firms are generally able to offer clients relatively lower prices for IP related services which could heighten this risk. However, these risks are somewhat mitigated by the scale of the Firms' existing client base and the Australian marketplace relative to the New Zealand market for IP services. In addition, there is the possibility that the single patent application and prosecution system under the TTSEM may result in an increase in demand from the Firms' current clients for dual Australian and New Zealand filings.

4.2.5. ICT failure

The Firms rely on their ICT networks and systems, including the internet, to process, transmit and store electronic and financial information, to manage a variety of business processes and activities such as client documents, communication with clients and regulators, financial management and reporting, database management and to comply with regulatory, legal and tax requirements. The Firms also depend on their ICT infrastructure for electronic communications among personnel, clients, regulators and Foreign Associates around the world. These ICT systems, which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or other unforeseen events. If the Firms' ICT systems suffer severe damage, disruption or shutdown and the issues are not effectively resolved in a timely manner, then the Company's revenue, financial condition and results of operations may be materially and adversely affected and the Company may breach regulatory requirements.

Any failure of the Firms' ICT systems may result in the inability to file or prosecute the IP rights of their clients within statutory deadlines. Such a failure could result in the Firms' client forfeiting IP rights to which they would have otherwise been entitled.

SECTION 4 RISKS

These events could lead to financial loss for the Company in the event that an aggrieved client initiates legal action against the Company or a Firm. Depending on the circumstances the Company's or Firm's insurance may be insufficient to cover some or all of the loss incurred.

If either Firm is unable to prevent security breaches, it may suffer financial and reputational damage or penalties because of the unauthorised disclosure of confidential information belonging to that Firm or to its clients. Any such security breaches could have a detrimental effect on the Firm's client relationships and ability to attract new clients in the short and medium term. In addition, the Firm's brand and reputation may be detrimentally affected by its failure to effectively protect its clients' IP rights. These events may adversely affect the Company's financial position and its ability to generate revenue from new and existing clients.

Each Firm's disaster recovery plans may not adequately address every potential event and its insurance policies may not adequately cover loss or damage that the Firm may suffer as a result of a system failure.

DCC relies on third party providers for its ICT systems including maintenance of its internal case management software platform. FPA also relies on a third party provider.

From Listing, FPA will begin the process of migrating all of its data, systems and processes to the Company's ICT platform under the arrangements set out in Section 9.6(e). While every precaution will be taken there is a risk that this data migration will result in business disruption and potential temporary or permanent loss or damage to FPA's and FPA's clients' data. There is also a risk that issues experienced by DCC's or FPA's third party providers in respect of their ICT infrastructure may adversely impact either DCC or FPA. If these risks come to pass, the Company's financial position may be adversely affected.

4.2.6. Common ownership structure

Following the Restructure and Listing, the Firms will continue to operate as Separate Businesses. In accordance with the professional conduct laws and regulations that are applicable to patent attorneys, trade marks attorneys and lawyers, the Firms will continue to maintain strict standards of confidentiality in relation to client information.

There is a risk that some clients may have a commercial concern as a result of DCC and FPA being jointly owned by QANTM. While the Firms will be operated as Separate Businesses, a client of DCC may, for example, take the commercial view that there is a conflict given FPA acts for one of its competitors. Similarly, a client might have engaged or wish to engage two Australian firms to provide it with some diversity in IP services and take the view that common ownership does not provide this diversity. Such perceived commercial conflicts may result in the Firms losing a client or failing to attract some new clients which would have a negative financial impact on the Company.

4.2.7. FPA arrangements with HSF and EHSA

FPA has a relationship with HSF which will be governed from Listing by the FPA Relationship Deed the material terms of which are summarised in Section 9.6(d). Any substantial change or termination of the FPA Relationship Deed may mean the benefits to FPA under that agreement will be reduced or cease.

From Listing, EHSA will provide a premises licence and certain other transitional services to FPA until 31 March 2017. These will be governed by the FPA Transitional Services Agreement the material terms of which are summarised in Section 9.6(e).

EHSA and FPA will be required to negotiate promptly and in good faith subleases for FPA's occupation of premises after 31 March 2017 and the continued provision of certain incidental services. If terms of the subleases cannot be agreed, then FPA will need to relocate.

Notice of termination of the FPA Relationship Deed will trigger the termination of incidental services under the FPA Transitional Services Agreement, including access to client meeting room facilities and courier/mail services provided to FPA by EHSA, in which case FPA would need to make alternative arrangements.

4.2.8. Acquisitions and geographic expansion

Part of the Company's business strategy is to seek suitable business acquisitions. The inherent risk with any business acquisition is that the underlying assets do not ultimately produce the financial returns that the acquirer anticipates. In addition, the acquisition of an existing business involves a risk of unknown or unanticipated liabilities being revealed following completion. The Company may undertake acquisitions in jurisdictions outside Australia. There are additional risks associated with offshore acquisitions including differing systems and processes for due diligence, accounting and legal requirements. If the Company undertakes an acquisition which proves to be unsuccessful in either the short or medium term this may have a material adverse effect on the Company's business, financial condition and operating result.

The ability to realise the potential synergies and increased earnings associated with acquisitions will depend in part on whether the Company can efficiently integrate acquired businesses within its existing operations.

DCC recently opened an office in Singapore. There is a risk that DCC's Singapore office may not be able to successfully generate sufficient revenue in the Singapore marketplace for it to be profitable in its own right. If DCC's expansion into Singapore proves unsuccessful the Group's financial position may be adversely affected and may impair the Company's proposed expansion into Asia.

4.2.9. Change in structure

The Firms are transitioning from private partnerships and companies into a listed public company. As a listed entity, the Company will be subject to strict standards of financial management and reporting, corporate governance and operating requirements. New governance arrangements, policies and processes will be put in place at the date of Listing. However, there is a risk that the Company may not adequately manage and deploy the necessary resources to manage the changes in governance and financial management and reporting standards. There is a risk that, if the Company is unable to adequately manage this transition to being a listed company, it will have an adverse impact on the Company's financial performance.

Following the Offer, the Firms will continue to operate as Separate Businesses. However, they will share a common Board and ownership structure along with a proposed sharing of back office functions over time. The executive team of the Company will be comprised of representatives from both DCC and FPA. The day-to-day operations of the Firms will continue to be managed as Separate Businesses by the respective FPA and DCC management teams. There is a risk that management of FPA, DCC and the Board may, on occasion, disagree in relation to the management and strategic direction of the Company and each Firm. If the Company is unable to effectively manage this issue there is a risk that the stability and financial prospects of the Firms may be adversely affected.

There is a risk that the integration of FPA and DCC may be unsuccessful from a cultural perspective or may not meet the financial expectations of the Company. In addition, there is a risk that unknown or unanticipated liabilities of FPA, DCC or the Principals may be revealed, following the Restructure and Listing. If the integration of FPA or DCC is unsuccessful or if unanticipated liabilities are revealed there is a risk that the financial position and performance of the Company may be adversely affected.

4.2.10. Concentration of shareholding

Following Completion of the Offer, the Existing Owners will hold approximately 50% of the Shares. Accordingly, these parties will continue to be in a position to exert significant influence over the outcome of matters relating to the Company, including the election of Directors and the consideration of material Board decisions. Although the interests of the Company, the Existing Owners and other Shareholders are likely to be aligned in most cases, there may be instances where their respective interests diverge. The Existing Owners have entered into escrow arrangements in relation to all of their remaining Shares held immediately after Listing, under which their Shares will be escrowed for two years from Listing. Similarly, the Shares issued under the Scheme to selected employees will be subject to escrow restrictions for two years from Listing. The NED Bonus Shares issued to Non-Executive Directors will be escrowed until the date of the release of the Company's FY17 results. The sale of Shares in the future by the Existing Owners, Non-Executive Directors and/or selected employees under the Scheme (following expiry of the Escrow Period described in Section 7.6), or the perception that such sales might occur, could adversely affect the market price of the Shares. Also, the concentration of ownership may affect the liquidity of the market for Shares on ASX, limiting the likelihood of the Company's entry into relevant indices in due course (such as the S&P ASX 200). In addition, the concentration of ownership in the Existing Owners and the fact that the Principals are under three year employment agreements may deter potential bidders for the Company in the short to medium term reducing the possibility of a corporate transaction.

4.2.11. Client credit risk

A sudden disruption in business conditions or a general economic downturn may adversely affect the financial strength of the Firms' clients. The financial difficulties of a client could cause a Firm to reduce or cease providing services to that client. A Firm may also decide to assume more credit risk relating to services and disbursements for that client. The Firms' inability to recover payment for these services or disbursements from one or more of its clients could have a material adverse effect on the Company's business, results of operations and financial condition.

4.2.12. Professional duties and Shareholders' interests

In Australia, patent and trade marks attorneys are required to abide by a code of conduct that requires them to act in accordance with the law, in the best interests of their client, in the public interest and in the interests of the registered attorney's profession as a whole. Similar duties exist in respect of patent attorneys in Singapore. There may be circumstances in which the Company is required to act in accordance with these duties contrary to other corporate responsibilities and against the interests of Shareholders or the Company. There is a risk that if such circumstances arise the Company's financial position could be adversely affected.

As with every Australian legal practice, DCC and the solicitors undertaking work in the legal practice have duties to the Court and duties to their clients. These duties prevail over the Company's duties to Shareholders. There may be circumstances in which the solicitors of the legal practice of the Company are required to act in accordance with their duties to the Court or their duties to their clients and contrary to other corporate responsibilities and against the interests of Shareholders and the short-term profitability of the Company.

SECTION 4 RISKS

4.2.13. Risks associated with the Restructure

The businesses of the Company, including all assets and liabilities, will be acquired from the Existing Owners as part of the Restructure immediately prior to Listing. The Existing Owners have not provided any substantial warranties and indemnities in relation to the assets and liabilities of DCC or FPA. There is a risk that the Company may suffer loss or damage flowing from unforeseen events in relation to the underlying assets and liabilities of DCC and FPA which the Company may not be able to recover from the Existing Owners.

As part of the Restructure, the Company has agreed to assume liabilities of DCC and FPA and to indemnify the Existing Owners from all liabilities, actions, proceedings, accounts, claims or demands (and associated reasonable costs and expenses) relating to such assumed liabilities. The Company will be exposed to these potential liabilities.

From time to time, revenue authorities may review the treatment of the Restructure transactions entered into by the Company. Any actual or alleged failure to comply with, or any change in the application or interpretation of revenue laws applied in respect of such transactions, may increase its tax or stamp duty liabilities or expose it to legal, regulatory or other actions.

4.2.14. Brand and reputation risk

FPA and DCC's failure to protect their respective reputations with clients, Foreign Associates, regulatory authorities and industry bodies could have a material adverse effect on the Company's financial performance.

FPA and DCC's ability to maintain their respective reputations is critical to the ongoing financial performance of the Company. Each Firm's reputation could be jeopardised if it fails to maintain high standards for service quality or if the Firm does not comply with regulations or accepted practices. Any consequential negative publicity may reduce demand for the Firm's services. Failure to comply with laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely financial information could also damage a Firm's reputation. The Firms also depend on the reputations of their Foreign Associates, which can be affected by matters outside of the Firms' control. Damage to the Firms' reputations or the reputations of their clients could have a material adverse effect on the Company's results of operations, financial condition and cash flow.

The actions of each Firm's employees, including breaches of the regulations to which the Firms are subject or negligence in the provision of patent, trade mark or legal services, may damage the Firms' brands which would, in turn adversely impact the Company's financial performance.

4.2.15. Conflicts of interest

Under the patent attorney regulations and the regulations governing Australian lawyers, practitioners owe a fiduciary duty to their clients. A fiduciary duty is a legal concept which requires that the Firms and their Principals must prefer the interests of their clients over their own interests and avoid conflicts of interest. Accordingly, there may be circumstances where the Firms cannot accept work from a new client because of a perceived or actual conflict of interest with an existing client. The common ownership of the Firms by QANTM, will not necessarily result in an elevated risk of conflicts of interest occurring as the Firms will continue to operate as Separate Business following Listing.

4.2.16. Impairment of intangibles

The Company has a substantial amount of intangible assets on its balance sheet relating to goodwill and identifiable intangible assets. Under the relevant accounting standards the Company is required to annually test for impairment of all indefinite life intangible assets. If this annual testing revealed that some or all of the Company's intangible assets are impaired to a level below their carrying value, the Company would be required to write down the value of those intangible assets. Such write downs could have a material adverse effect on the Company's financial position.

4.2.17. Insurance coverage

The Company currently has in place what it believes are adequate levels of insurance for property, professional liability, directors' and officers' liability, and worker's compensation to protect the Group from potential losses and liabilities. There is a possibility that events may arise which are not adequately covered by existing insurance policies. In this case, the Company may suffer adverse effects to its financial results as well as to its reputation with clients and Foreign Associates. The Company cannot guarantee that its existing insurance will be available or offered in the future. An inability of the Company to secure such cover in the future could restrict the ability of the Group to conduct its business and this could have a negative impact on the financial results of the Company.

4.2.18. Professional liability and uninsured risks

The provision of patent, trade mark and legal services by the Firms gives rise to the risk of potential liability for negligence or other similar client or third party claims. Any such claims may cause financial and reputational damage to the Firms that would adversely affect the Company's financial performance. Although the Firms maintain professional liability insurance to mitigate the financial risk, the Company's profitability may be adversely affected in the event that the insurance does not cover a potential claim (e.g. due to some disqualifying act of the personnel involved), the claim exceeds the coverage

available or the deductible amount on numerous claims in a period is material. Further, the resulting creation of an adverse claims history may result in higher ongoing premiums for the Company, which would adversely affect its profitability.

4.2.19. Professional misconduct

The patent attorneys, trade marks attorneys and lawyers who provide professional IP services on behalf of the Firms are all subject to and bound by various regulatory and legislative obligations and standards as administered by regulatory authorities. If a patent attorney, trade marks attorney and legal practitioner or other professional employed by the Firms is deemed by the relevant regulator to have engaged in unsatisfactory professional conduct or professional misconduct, there is the potential for disciplinary action to be taken against one or more of the Firms' professional staff and the Company. Disciplinary action may include reprimand, suspension or deregistration of the individual or suspension and cancellation of the practising certificate of the individual legal practitioner. Any regulatory actions may damage either or both Firms' reputation within the IP industry and among clients and may affect the Company's financial performance.

4.3. GENERAL RISKS OF AN INVESTMENT IN QANTM

4.3.1. Macroeconomic risks and client R&D activity

The Firms' client bases are spread across numerous industry sectors including automotive, industrial, pharmaceutical, household consumables, food and beverage, telecommunications and technology, government higher education, agribusiness, materials and biotechnology. Each of these industries is subject to unique structural dynamics which could affect the level of R&D activity and the corresponding development of potential IP rights. Any adverse structural developments which impact these industry sectors could in turn impact the demand for the Firms' IP services. Any downturn in the level of IP generating R&D activity in these industries could adversely impact the future financial performance of the Company.

The Firms' ability to generate revenue depends on their clients' willingness and ability to invest funds into R&D in order to generate innovations which may be eligible for IP protection. Any deterioration or volatility in the state of the Australian, Singaporean or global economy may result in clients reducing or suspending R&D expenditure and the development prospective IP. This reduction in the efforts of clients to generate IP through R&D expenditure may have an adverse impact on the Company's ability to generate revenue, pay dividends and may result in downward pricing pressure of the Company's Share price.

4.3.2. Price of Shares

The price of Shares quoted on ASX may rise or fall and the Shares may trade below or above the Offer Price due to a number of factors. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if the Company's earnings meet or exceed forecasts. The factors which may affect the price of the Shares include but are not limited to:

- general economic conditions, including interest rates, exchange rates, inflation rates and commodity prices;
- fluctuations in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- inclusion in or removal from market indices (including the various S&P/ASX indices);
- the nature of markets in which the Company operates; and
- general and operational business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man made or natural events.

4.3.3. Trading in Shares may not be liquid

Prior to the Offer, there was no public market for Shares. Once the Shares are quoted on ASX, there can be no guarantee that an active market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the price of the Shares. It may also affect the prevailing price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a price for their Shares that is less than the price that Shareholders paid.

Following the Completion of the Offer, Existing Owners (who will retain an aggregate holding of approximately 50% of the total Shares on issue) will be subject to voluntary escrow arrangements for two years commencing on Listing.

In each case, the escrow restrictions are subject to certain exceptions as set out in Section 7.6. The absence of any sale of Escrowed Shares by the Existing Owners during the Escrow Period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing price at which Shareholders are able to sell their Shares. It is important to recognise that Shareholders may receive a market price for their Shares that is less than the price that Shareholders paid.

Following the end of the Escrow Period, a significant sale of Shares by the Existing Owners, or the perception that such a sale might occur, could adversely affect the price of Shares.

SECTION 4 RISKS

4.3.4. Shareholder dilution

In the future, the Company may elect to engage in various types of capital raisings to, among other things, fund acquisitions. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such capital raisings if they do not participate pro rata.

4.3.5. Access to equity and debt funding

Volatility in the financial markets could have a material adverse effect on the Company's ability to equity or debt fund its business operations or future acquisitions. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally.

In addition, any deterioration in global financial markets could impact risk appetite among lending institutions which may impact the Company's ability to enter into new loan facilities. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.

4.3.6. Taxation changes

There is the potential for further changes to Australia's tax laws. Any change to the current rates of taxes imposed on the Company is likely to affect returns to Shareholders. In addition there may be changes to the rate of taxes imposed in Singapore (and other overseas jurisdictions in which the Company may operate in the future) or tax legislation which generally may affect the Company and its Shareholders.

An interpretation of taxation laws by the relevant tax authority that is contrary to the Group's view of those laws may increase the amount of tax to be paid. The Group obtains external expert advice on the application of the tax laws to its operations.

In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each investor is encouraged to obtain professional tax advice in connection with any investment in the Company.

4.3.7. Franking of dividends

The Company cannot guarantee that any dividends which may be paid by the Company will be wholly or partially franked. If the Company pays a dividend the extent to which it will be franked will depend on the availability of franking credits. Shareholders should be aware that the value of any franking credits will depend on the individual Shareholder's particular taxation and financial circumstances. Shareholders should seek their own taxation advice in relation to any potential tax offset or refund claim which they may be entitled to in any particular financial year.

There is also a risk that the franking system may be subject to legislative review and/or reform.

4.3.8. Australian Accounting Standards

Australian Accounting Standards are set by the AASB and are outside the control of the Company. The AASB is due to introduce new or refined Australian Accounting Standards during the period to 2018, which may affect future measurement and recognition of key income statement and balance sheet items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, such as revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Company's consolidated financial statements.

4.3.9. Force majeure events

Events may occur within or outside Australia that could impact on the Australian economy, the global economy, the operations of the Company, the price of the Shares and the Company's ability to pay dividends. The 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 disease or other natural or manmade events or occurrences that could have an adverse effect on the demand for the Firms' services and its ability to conduct their businesses. The Company has only a limited ability to insure against some of these risks.

FINANCIAL INFORMATION



SECTION 5 FINANCIAL INFORMATION

5.1. INTRODUCTION

This Section contains a summary of the historical and forecast financial information of QANTM.

The historical financial information comprises the:

- pro forma historical consolidated income statements of the Group for the financial years ended 30 June 2014 (**FY14**) and 30 June 2015 (**FY15**) and the eight month period ended 29 February 2016 (**YTD16**), together with a reconciliation to the stand alone income statements of DCC and FPA for each period;
- pro forma historical consolidated balance sheet of the Group as at 29 February 2016, together with a reconciliation to the stand alone aggregated balance sheet of DCC; and
- pro forma historical consolidated cash flow statements of the Group for FY14 and FY15,
(the **Pro Forma Historical Financial Information**).

The forecast financial information comprises the:

- pro forma and statutory forecast consolidated income statements of the Group for the financial years ending 30 June 2016 (**FY16**) and 30 June 2017 (**FY17**) together with a reconciliation between each income statement; and
- pro forma and statutory forecast consolidated cash flow statements of the Group for FY16 and FY17, together with a reconciliation between each statement,
(the **Forecast Financial Information**).

The Pro Forma Historical Financial Information together with the Forecast Financial Information forms the **Financial Information**.

The Financial Information has been reviewed by the Investigating Accountant, whose report is contained in Section 8. Investors should note the scope and limitations of the report.

Also summarised in this Section are:

- the basis of preparation and presentation of the Financial Information (Section 5.2);
- key operating metrics (Section 5.3.1);
- Management's discussion and analysis of the Pro Forma Historical Financial Information (Section 5.8);
- the Directors' assumptions underlying the Forecast Financial Information (Section 5.9);
- Management's discussion and analysis of the pro forma Forecast Financial Information (Section 5.9.3);
- the analysis of the sensitivity of FY17 pro forma forecast consolidated EBITDA and NPAT to changes in key assumptions (Section 5.10);
- a summary of capitalisation and indebtedness before and after the Offer (Section 5.11);
- description of the New Banking Facilities (Section 5.12);
- liquidity and capital reserves (Section 5.13);
- a summary of the Group's foreign exchange hedging policy (Section 5.14); and
- a summary of the Group's dividend policy (Section 5.15).

The information in this Section 5 should be read in conjunction with the risk factors set out in Section 4 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are rounded to the nearest \$100,000. Rounding of figures provided in the Financial Information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculation.

5.2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The Company was incorporated on 17 May 2016, but it has not and, other than incurring costs associated with the IPO, will not undertake any trading activities until Completion of the Offer by which time it will have acquired DCC and FPA.

The Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards. The Financial Information is presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information required by the Australian Accounting Standards applicable to financial reports prepared in accordance with the Corporations Act.

The significant accounting policies adopted in the preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout the financial periods presented in this Prospectus.

5.2.1. Preparation of Pro Forma Historical Financial Information

There are no historical consolidated financial statements for the newly incorporated QANTM, which will become the holding company of DCC and FPA immediately prior to Completion of the Offer as a result of the Restructure.

The Pro Forma Historical Financial Information prepared for inclusion in this Prospectus has been derived from:

- the audited special purpose historical financial statements of DCC for FY14 and FY15, which have been prepared in accordance with the accounting policies adopted by the partners of DCC;
- the audited historical general purpose financial statements of FPA for FY15, which have been prepared in accordance with the Australian Accounting Standards;
- the reviewed special purpose historical financial statements of FPA for FY14; and
- the reviewed interim financial statements of DCC and FPA for YTD16.

The special purpose historical financial statements of DCC for FY14 and FY15 were audited by ShineWing Australia Pty Ltd. The historical general purpose financial statements of FPA for FY15 were audited by Deloitte Touche Tohmatsu. The audit opinions in relation to DCC (FY14/FY15) and FPA (FY15) were unqualified.

The special purpose financial statements of DCC for FY14, FY15 and YTD16, as well as the special purpose financial statements of FPA for FY14 and YTD16, were reviewed by the Investigating Accountants.

The audited special purpose historical financial statements of DCC for FY14 and FY15 were prepared in accordance with the accounting policies adopted by the partners of DCC, which were not consistent with all of the recognition and measurement principles prescribed in the Australian Accounting Standards. The NPAT reported in these financial statements has been adjusted to reflect the NPATA reported under the recognition and measurement principles of the Australian Accounting Standards as set out in Figure 5.6 below.

The Pro Forma Historical Financial Information has been presented on a comparable basis to the Forecast Financial Information and has been adjusted to reflect the impact of:

- the acquisition, by QANTM of DCC and FPA, as if the acquisitions had taken place on 1 July 2013;
- the new debt and equity structure that will be in place following Completion of the Offer;
- incremental costs of being a publicly listed entity;
- the salaries, including on-costs and annual and long service leave entitlements, of the Principals;
- a short term and long term incentive plan which will be implemented following Completion of the Offer;
- eliminating certain non-operating or non-recurring items; and
- the income tax effect of the above pro forma adjustments and to record historical tax expense as if the post-Offer structure were in place from 1 July 2013.

The Restructure will take place in connection with the IPO and will result in the Company becoming the holding company of the Group. On completion of the Restructure, the Group will own the DCC and FPA partnership assets. Refer to Section 9.4 for a detailed description of the Restructure.

The substance of the Restructure has been evaluated in accordance with AASB 3 'Business Combinations' and it has been determined that the 'acquirer' for accounting purposes is considered to be DCC. The continuation of the existing accounting values of DCC is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to an IPO and most appropriately reflects the substance of the Restructure.

As such, the Restructure has no impact on the book value of the net assets of DCC as recorded prior to the Restructure. The transactions will be accounted for using the predecessor carrying values of the net assets of DCC at the time of the Restructure.

The acquisition of FPA has been accounted for as a business combination in accordance with AASB 3, which requires that the identifiable assets and liabilities acquired (including intangible assets) are measured at their respective fair values. The Company has performed a provisional assessment of the fair values of the identifiable assets and liabilities acquired. For the purposes of the pro forma historical consolidated balance sheet, the assets and liabilities have been recorded at their provisional fair values based on the 29 February 2016 balance sheet of FPA. Under the Australian Accounting Standards, the Company has up to 12 months from the date of acquisition to complete its initial acquisition accounting.

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Accounting for transactions such as the Restructure referred to above and contemplated in connection with the Offer, is currently being reviewed by international standard setters and is subject to alternative interpretations and may change. The outcome of these deliberations, the timing of any decisions and whether any potential changes are retrospective or only prospective could mean that the financial reporting outcome may be different to that reported in this Prospectus. In the event that the acquisition by QANTM of DCC was required to be recorded at fair value:

- the net assets of the Group would be increased to reflect the indicative Market Capitalisation as a result of the Offer (an increase of approximately \$207 million based on the Offer Price);
- the estimated excess of the fair value (based on indicative Market Capitalisation) compared to the book value of net assets, if a purchase price allocation were required to be undertaken in the future, would primarily be allocated to customer relationships (estimated to be \$25 million to \$30 million), trade marks and business names (estimated to be \$17 million to \$22 million), software (estimated to be \$3 million to \$8 million) with any residual to goodwill. A deferred tax liability would also be recognised representing the difference between the tax and accounting cost bases of the identified intangible assets (e.g. customer relationships and software); and
- to the extent that any of the excess was allocated to finite life intangible assets (customer relationships and software), NPAT would be impacted by the annual amortisation of these intangible assets, which has been estimated to be approximately \$1.5 million to \$2.5 million per annum.

The precise impact of any acquisition accounting, if it were required to be applied in the future, cannot be determined at this time as a formal purchase price allocation has not been carried out. Accordingly, the above estimates are preliminary indicative estimates only which may change on undertaking a formal purchase price allocation in the future.

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

5.2.2. Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared with due care and attention, having regard to an assessment of present economic and operating conditions and on a number of Directors' assumptions regarding future events and actions as set out in Section 5.9. The Directors believe the assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Presentation of the Directors' assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information is not fact and investors are cautioned not to place undue reliance on it. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative effect on the Group's actual financial performance, cash flows or financial position. Accordingly, neither QANTM, the Directors, nor any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise. Investors are advised to review the Forecast Financial Information and the Directors' assumptions set out in Section 5.9 in conjunction with the sensitivity analysis set out in Section 5.10, the risk factors set out in Section 4 and other information set out in this Prospectus.

The pro forma forecast consolidated income and cash flow statements for the Group have been derived from the statutory forecast consolidated income and cash flow statements of the Group after adjusting for pro forma adjustments to reflect the Group's operations following Completion of the Offer as set out in this Section.

The pro forma forecast consolidated income statements, which are set out in Section 5.3, differ from the statutory forecast consolidated income statements because the pro forma forecast consolidated income statements reflects the full year effect of the operating, debt and equity structure that will be in place on Completion of the Offer, but excludes costs directly attributable to the Offer and other non-recurring items which are not expected to occur in the future. Refer to Section 5.6 for reconciliations between the statutory and pro forma Forecast Financial Information.

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

5.2.3. Non IFRS financial measures

QANTM uses certain information and financial measures to manage and report on its business that are not recognised under the Australian Accounting Standards. These are collectively referred to as non-IFRS financial information. Certain financial data included in this Section 5 is 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of the Group. 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 Group calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned 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 is earnings before interest, taxation, depreciation and amortisation;
- EBITA – which is earnings before interest, taxation and amortisation; and
- NPATA – which refers to net profit after tax with non-tax effected amortisation of intangible assets acquired added back.

5.3. PRO FORMA HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS

Figure 5.1 sets out the summary of the Group's pro forma historical consolidated income statements for FY14 and FY15 and the pro forma and statutory forecast consolidated income statements for FY16 and FY17.

FIGURE 5.1: SUMMARY OF PRO FORMA HISTORICAL CONSOLIDATED INCOME STATEMENTS AND PRO FORMA AND STATUTORY FORECAST CONSOLIDATED INCOME STATEMENTS

Y/E 30 June (A\$m)	Note	Pro forma historical		Pro forma forecast		Statutory forecast	
		FY14	FY15	FY16	FY17	FY16	FY17
Service charges		67.2	73.7	81.8	86.0	–	82.1
Associate charges		22.9	23.4	25.2	26.0	–	25.1
Revenue		90.1	97.1	107.0	112.1	–	107.2
Other income		2.8	4.6	3.7	2.0	–	2.0
Expenses							
Compensation		(39.8)	(40.9)	(42.3)	(43.2)	–	(42.0)
Recoverable expenses		(20.7)	(21.2)	(23.1)	(23.8)	–	(22.9)
Occupancy		(5.6)	(5.5)	(6.2)	(6.7)	–	(6.4)
Other		(10.8)	(13.2)	(13.9)	(13.0)	(1.4)	(15.1)
Total expenses		(77.0)	(80.8)	(85.4)	(86.6)	(1.4)	(86.5)
EBITDA	2	15.9	20.9	25.4	27.5	(1.4)	22.7
Depreciation		(0.8)	(0.8)	(0.8)	(0.9)	–	(0.9)
EBITA	2	15.2	20.2	24.6	26.5	(1.4)	21.8
Interest expense	3	(0.9)	(0.9)	(0.9)	(0.9)	–	(0.9)
PBTA		14.2	19.3	23.7	25.6	(1.4)	20.9
Tax expense	4	(4.3)	(5.8)	(7.1)	(7.7)	–	(6.3)
NPATA	1	10.0	13.5	16.6	17.9	(1.4)	14.6
Amortisation		(1.0)	(1.0)	(1.0)	(1.0)	–	(0.8)
NPAT		9.0	12.5	15.6	16.9	(1.4)	13.8

Notes:

- The reconciliation of the pro forma historical income statements to the statutory historical income statements and the reconciliation of the pro forma forecast income statement to the forecast statutory income statement are outlined in Section 5.6. The statutory forecast for FY17 represents a full year of operations of DCC, but reflects the IPO Offer structure and impact of the acquisition of FPA from the time of Completion of the Offer (10 months trading).
- Refer to Section 5.2.3 for definitions of EBITDA, EBITA and NPATA.
- Interest expense** – Prior to entering into the New Banking Facilities, the debt profile of the Group was reflective of the historical operating structure of the business. Pro forma historical interest expense has been adjusted to reflect the drawdowns and interest rates applicable under the terms of the New Banking Facilities following Completion of the Offer in FY17. It has been assumed that the debt profile and interest rates in FY17 were also applicable in FY14, FY15 and FY16.
- Tax expense** – Under the previous operating structure of the businesses, DCC and FPA were not taxable in their own right. The pro forma historical tax expense has therefore been adjusted to reflect the post-Offer structure and tax profile of the Group, applied as if the same structure was in place in FY14, FY15 and FY16.

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5.3.1. Key operating metrics

Figure 5.2 is a summary of the Group's key pro forma historical operating metrics for FY14 and FY15 and the key pro forma and statutory forecast operating metrics for FY16 and FY17.

FIGURE 5.2: SUMMARY OF KEY PRO FORMA AND STATUTORY OPERATING METRICS

Y/E 30 June	Pro forma historical		Pro forma forecast		Statutory forecast ²	
	FY14	FY15	FY16	FY17	FY16	FY17
Service charge growth (%)		9.6%	11.1%	5.1%	n/a	n/a
EBITDA growth (%)		31.5%	21.3%	8.3%	n/a	n/a
EBITDA margin (% of revenue) ¹	17.3%	21.1%	23.3%	24.1%	n/a	n/a
EBITDA margin (% service charges)	23.7%	28.4%	31.0%	31.9%	n/a	n/a
NPATA growth (%)		35.4%	22.8%	8.1%	n/a	n/a

Notes:

- EBITDA margin (% of revenue)** – The metric is calculated as EBITDA divided by the aggregate of total revenue and renewal commission income. Commission income is classified within 'other income' on the income statement.
- Forecast operating metrics** – Key operating metrics have not been provided for the FY16 and FY17 statutory forecast financial years. The operating metrics calculated do not provide meaningful insights given (i) the statutory FY16 reference point not providing a meaningful comparison point for growth metrics; and (ii) the FY16 and FY17 statutory forecast being impacted by one off IPO costs and employee incentive payments and not being inclusive of a full year's trading of FPA.

Figure 5.3 is a summary of the contribution of DCC and FPA to the Group's pro forma historical and pro forma forecast consolidated income statements.

FIGURE 5.3: SUMMARY OF DCC AND FPA CONTRIBUTION TO PRO FORMA CONSOLIDATED INCOME STATEMENTS

	FY14	FY15	FY16	FY17	FY14-FY15	FY15-FY16	FY16-FY17
Pro forma service charges							
Davies Collison Cave Group	48.3	54.3	61.9	65.4	12.5%	14.1%	5.6%
FPA Patent Attorneys	19.0	19.4	19.9	20.6	2.1%	2.7%	3.7%
	67.2	73.7	81.8	86.0	9.6%	11.1%	5.1%
Pro forma revenue (including associate charges)							
Davies Collison Cave Group	65.9	72.9	82.4	86.3	10.6%	13.1%	4.7%
FPA Patent Attorneys	24.2	24.2	24.6	25.7	0.0%	1.7%	4.6%
	90.1	97.1	107.0	112.1	7.8%	10.2%	4.7%
Pro forma EBITDA							
Davies Collison Cave Group	12.3	16.7	21.1	23.1	36.2%	26.1%	9.3%
FPA Patent Attorneys	6.1	6.7	6.8	7.0	10.5%	1.8%	2.9%
Listed company pro forma impact ¹	(2.5)	(2.5)	(2.6)	(2.6)	2.1%	2.2%	2.2%
	15.9	20.9	25.4	27.5	31.6%	21.3%	8.3%

Notes:

- Incremental public company costs** – An adjustment has been made to include the Group's estimate of the incremental annual costs that it will incur as a listed public company. These incremental costs include Director and executive remuneration, additional audit and tax costs, listing fees, share registry fees, directors' and officers' liability insurance premiums, as well as annual general meeting and annual report costs. The adjustment represents the recognition of the full year effect of these costs.

5.4. PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET

Figure 5.4 has been extracted from the reviewed balance sheet for DCC as at 29 February 2016 and adjusted to reflect the impact of the Offer (including the Restructure), the acquisition of FPA, and the proposed new funding structure as if it were in place as at 29 February 2016.

The post-Offer pro forma historical aggregated balance sheet is provided for illustrative purposes and is not represented as being necessarily indicative of the Group's view on its future financial position.

FIGURE 5.4: PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET AS AT 29 FEBRUARY 2016

29 February 2016 (A\$m)	Note	DCC	FPA	Impact of the Restructure, Offer and the New Banking Facilities	Pro forma
Current assets					
Cash and cash equivalents	1	0.4	1.2	(3.8)	(2.3)
Trade and other receivables		23.5	7.2	–	30.8
Other current assets		1.0	0.2	–	1.2
Total current assets		24.9	8.6	(3.8)	29.7
Non-current assets					
Deferred tax assets	2	–	–	4.7	4.7
Goodwill and intangible assets	3	–	–	62.9	62.9
Property, plant and equipment		3.1	0.1	(0.8)	2.4
Total non-current assets		3.1	0.1	66.8	70.0
Total assets		28.0	8.7	63.0	99.7
Current liabilities					
Trade and other payables		6.2	2.2	–	8.4
Provisions		3.3	0.7	–	4.1
Loans and borrowings	4	3.4	1.3	(4.1)	0.7
Other liabilities		0.0	–	–	0.0
Total current liabilities		13.0	4.2	(4.1)	13.2
Non-current liabilities					
Loans and borrowings	4	31.0	4.2	(19.6)	15.6
Provisions	5	2.6	0.6	1.3	4.4
Deferred tax liabilities	2	–	–	6.3	6.3
Other liabilities		0.6	–	–	0.6
Total non-current liabilities		34.2	4.8	(12.0)	26.9
Total liabilities		47.2	9.0	(16.1)	40.1
Net assets		(19.1)	(0.3)	79.0	59.6
Equity					
Issued capital	6	–	–	206.7	206.7
Reorganisation reserve	7	–	–	(144.2)	(144.2)
Retained profits	8	(19.1)	(0.3)	16.5	(2.9)
Total Equity		(19.1)	(0.3)	79.0	59.6

Notes:

- Cash and cash equivalents** – The pro forma balance sheet is prepared using the 29 February 2016 balance sheet of DCC and FPA, which has a lower cash balance and different working capital and loan balances than the actual balances at Completion of the Offer (projected based on the management accounts of DCC and FPA at 30 June 2016). The higher projected cash balances and working capital at Completion of the Offer will be available to settle external and Existing Owner liabilities and is not expected to require borrowings greater than \$14.6 million. As a result, the pro forma balance sheet shows a negative cash position as it does not reflect cash flows between 29 February 2016 and Completion of the Offer.
- Deferred tax assets and liabilities** – Deferred tax asset adjustment represents the recognition of deferred tax assets that arise as a result of the payment of IPO costs by the Group on Completion of the Offer (\$2.5 million) and the first time recognition of deferred tax balances by the Group on Completion of the Offer (\$2.2 million). Deferred tax liabilities represent the tax effect of identified intangible assets recognised on the acquisition of FPA (refer to Note 3 below).
- Acquisition of FPA** – FPA is deemed to be acquired by DCC on 29 February 2016 with all assets and liabilities recognised at their fair values. Intangible assets in relation to customer relationships, brand and software and the corresponding deferred tax liabilities are recognised as part of the purchase price allocation. Goodwill is recognised for the excess of the FPA equity value over the fair value of the separately identifiable assets and liabilities.
- Loans and borrowings** – Adjustment represents the drawdown under the New Banking Facilities (\$14.6 million) and utilisation of the proceeds of the Offer (\$30.8 million) to pay distributions to Existing Owners prior to Completion of the Offer including Principal loans of \$27.7 million and existing borrowings of \$13.3 million and to pay \$8.3 million in costs associated with the Offer. Remaining loans and borrowings reflect the expected indebtedness at Completion of the Offer.
- Provisions** – Represents employee leave entitlements of the Group. Current and non-current Principal leave entitlements are recognised for the first time (\$1.3 million) to reflect the recognition of a long service leave provision following the movement of Principals post-Offer to employment contracts with salaries of \$250,000 per annum.
- Issued capital** – Increases by \$206.7 million to reflect the Offer, including the acquisition of FPA (\$61.2 million), the new equity component of the Offer (\$30.8 million) and the sell-down of Shares previously held by the Existing Owners (\$115.8 million), offset by the tax effect of the directly attributable costs of the Offer that have been recognised within equity.

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Notes continued

7. **Reorganisation Reserve** – As described in Section 5.2.1, the Restructure has been accounted for using the net asset carrying values of DCC prior to the reorganisation. The difference between the fair value of net assets acquired (based on the indicative Market Capitalisation) and the carrying values of net assets acquired has been recognised as a reorganisation reserve for the purpose of this Prospectus to highlight the impact of maintaining the predecessor carrying values.
8. **Retained profits** – Adjustment reflects the costs associated with the Offer offset by the first time recognition of deferred tax balances and the tax benefit of future tax deductions on the costs of the Offer, and the elimination of pre-acquisition retained earnings of DCC and FPA.

5.5. HISTORICAL AND FORECAST CONSOLIDATED CASH FLOW STATEMENTS

Set out in Figure 5.5 is a summary of the Group's pro forma historical consolidated cash flow statements for FY14 and FY15 and the pro forma and statutory forecast consolidated cash flow statements for FY16 and FY17.

FIGURE 5.5: HISTORICAL AND FORECAST CONSOLIDATED CASH FLOW STATEMENTS

Y/E 30 June (A\$m)	Note	Pro forma historical		Pro forma forecast		Statutory forecast	
		FY14	FY15	FY16	FY17	FY16	FY17
EBITDA	1	15.9	20.9	25.4	27.5	(1.4)	22.7
Non-cash movements	2	0.5	1.9	0.6	0.5	–	0.7
Change in working capital		2.3	(1.5)	(0.6)	(1.1)	1.4	(2.5)
Capital expenditure		(0.8)	(0.8)	(1.3)	(1.0)	–	(0.9)
Operating cash flow before financing activities and tax		17.9	20.4	24.1	25.8	–	20.0
Interest paid				(0.9)	(0.9)	–	(0.9)
Income taxes paid				(7.1)	(7.7)	–	(6.3)
Proceeds from New Banking Facilities				–	–	–	14.6
Repayment of existing bank facilities				–	–	–	(13.3)
Net operating cash flow before dividends				16.1	17.2	–	14.1
IPO proceeds							30.4
Dividends and repayments of Existing Owners loans and distributions	3						(30.0)
Net cash flow						–	14.5

Notes:

1. Pro forma EBITDA has been adjusted to reflect the pro forma adjustments to the statutory historical results and statutory forecast results set out in Section 5.6.
2. Represents sundry non-cash movements including accounting adjustments to property rent relating to landlord incentives received, fair valuing of derivative instruments and share based payments.
3. FY17 reflects the forecast interim dividend in respect of the period ending 31 December 2016 in accordance with the Company's dividend policy described in Section 5.15 and, on a statutory basis (\$4.1 million) and loans and accumulated distributions payable to the Existing Owners on the Completion of the Offer.

5.6. RECONCILIATION OF STATUTORY AND PRO FORMA INCOME STATEMENTS AND CASH FLOW STATEMENTS

Set out in Figures 5.6 and 5.7 below are the following reconciliations:

- pro forma NPATA to statutory historical and forecast consolidated NPATA;
- statutory historical and forecast consolidated NPATA to pro forma historical and forecast NPATA; and
- statutory and pro forma forecast cash flow statements.

FIGURE 5.6: PRO FORMA ADJUSTMENTS TO THE HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS

Y/E 30 June (A\$m)	Note	FY14	FY15	FY16	FY17 ¹
QANTM statutory NPATA		–	–	(1.4)	
DCC statutory NPATA	2	15.0	21.7	26.3	
FPA statutory NPATA		8.0	8.5	8.7	
Aggregated Statutory NPATA		23.0	30.2	33.7	14.6
Pro forma adjustments:					
Pre-acquisition profit – FPA	1	–	–	–	1.9
Principals' salaries and benefits	3	(6.8)	(9.3)	(9.4)	(1.7)
STIP and LTIP	4	(0.9)	(0.9)	(0.9)	(0.2)
Incremental public company costs	5	(1.6)	(1.6)	(1.6)	(0.3)
Finance cost adjustment	6	0.4	0.7	0.2	0.1
Income tax adjustment	7	(4.3)	(5.8)	(7.1)	(1.4)
One-off revenue and expense items	8	0.1	0.1	0.3	1.5
IPO costs	9	–	–	1.4	3.3
Pro forma NPATA		10.0	13.5	16.6	17.9

Notes:

- The statutory forecast for FY17 represents a full year of operations of DCC, but reflects the IPO offer structure and impact of the acquisition of FPA from the time of Completion of the Offer (10 months trading). The pro forma forecast includes a full year of trading of both DCC and FPA and that the IPO offer structure has been in place for the entire period.
- Australian Accounting Standard adjustments** – Adjustments that have been made to derive DCC statutory NPATA include, but which are not specifically disclosed above:
 - To comply with AASB 117 lease incentive – An adjustment has been made to straight-line the total Melbourne lease cost of DCC over the term of the premises lease from FY13 to FY25. A discounted rent incentive was experienced by DCC from FY13 to FY15.
 - FX gains (losses) adjustment – The adjustment is comprised of two components being (i) the revaluation of foreign denominated trade receivables and payables at the year end spot rate (primarily USD); and (ii) recognise fair value at year end of foreign exchange contracts and options.
 - Employee leave provisions – The adjustment has been made in order to provide for employee annual leave and long service leave liabilities in accordance with the applicable accounting standards.
- Principals' salaries and benefits** – An adjustment has been made to reflect the agreed salary costs of the Principals during the historical period in line with the post-Offer structure. Additionally, the cost of certain benefits (such as meals and entertainment expense) the Principals currently receive has been excluded as these costs will not be on going.
- Short and long term incentive plans and retention arrangements** – An adjustment has been made to include the estimated cost of amounts payable under the post-Offer corporate STIP, based on a target payment level and share based payments to selected executives under the post-Offer corporate LTIP.
- Incremental public company costs** – An adjustment has been made to include the Group's estimate of the incremental annual costs that it will incur as a listed public company. These incremental costs include Director and executive remuneration, additional audit and tax costs, listing fees, share registry fees, directors' and officers' liability insurance premium, as well as annual general meeting and annual report costs. The FY16 adjustment represents the recognition of the full year effect of these costs.
- Finance cost adjustment** – An adjustment has been made to finance costs to remove the impact of the recognition of the fair value at year end of interest rate swaps (which are being terminated on Completion of the Offer) and to align the net interest expense to the forecast level of drawings on the New Banking Facilities.
- Income tax adjustment** – Includes an adjustment for the tax effect of the post-Offer structure and tax profile of the Group and the tax impact of the above items.
- One off revenue and expense items** – Adjustments to remove the impact of one off payments to key employees either on or prior to the Offer date (comprising both cash, shares and share right components) and other minor one off revenue and expense items (including costs associated with the establishment of the Singapore office in YTD16).
- IPO costs** – Total one off expenses directly attributable to the Offer (net of tax) are estimated at \$4.7 million, of which \$1.4 million are incurred and expensed in FY16 with the balance incurred and expensed in FY17 (net of tax).

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FIGURE 5.7: PRO FORMA ADJUSTMENTS TO THE STATUTORY FORECAST CONSOLIDATED CASH FLOW STATEMENT

Y/E 30 June (A\$m)	Note	FY16	FY17
Statutory net cash flow before dividends		–	14.1
Adjustments:			
Restructure	1	16.1	(3.8)
IPO costs	2	–	8.3
Tax payments	3	–	(1.4)
Pro forma net cash flow before dividends		16.1	17.2

Notes:

- Restructure** – A Restructure will take place in connection with the IPO which will result in QANTM becoming the holding company of the Group. Prior to the Restructure, the Group will have nil statutory cash flows. This adjustment therefore reflects the complete pro forma cash flows of the Group in FY16.
- IPO costs** – Total one off costs directly attributable to the Offer and the New Banking Facilities are estimated at \$8.3 million, which will be paid at Completion of the Offer.
- Income tax adjustment** – Includes an adjustment for the tax effect of the post-Offer structure and tax profile of the Group and the tax impact of the above items.

5.7. SEGMENT INFORMATION

The Company has identified its operating segments based on geographical locations being Australia and Asia. The Asian operating segment does not currently meet the reporting criteria per AASB 8 *Operating Segments*, therefore the Company will only report one operating segment, being Australia, in its financial reports. If the Asian operating segment meets the reporting criteria in future periods this information will be disclosed separately in accordance with AASB 8.

5.8. MANAGEMENT DISCUSSION AND ANALYSIS OF PRO FORMA HISTORICAL INFORMATION

This Section includes a discussion of the main factors which affected the Group's operations and relative performance in FY14 and FY15 and which may continue to affect it in the future. The discussion of these factors is intended to provide a brief summary only and does not detail all factors that affected the historical operations and financial performance, or everything which may affect the future operations and financial performance.

FIGURE 5.8: SUMMARY PRO FORMA CONSOLIDATED INCOME STATEMENT FY15 COMPARED TO FY14

Y/E 30 June (A\$m)	FY14	FY15	Change (%)
Service Charges	67.2	73.7	9.6%
Associate Charges	22.9	23.4	2.5%
Revenue	90.1	97.1	7.8%
Other income	2.8	4.6	64.6%
Expenses			
Compensation	(39.8)	(40.9)	2.9%
Recoverable expenses	(20.7)	(21.2)	2.3%
Occupancy	(5.6)	(5.5)	(3.3%)
Other	(10.8)	(13.2)	21.6%
Total expenses	(77.0)	(80.8)	4.9%
EBITDA	15.9	20.9	31.5%
Depreciation	(0.8)	(0.8)	(0.5%)
EBITA	15.2	20.2	33.1%
Interest expense	(0.9)	(0.9)	(2.0%)
PBTA	14.2	19.3	35.4%
Tax expense	(4.3)	(5.8)	35.4%
NPATA	10.0	13.5	35.4%

5.8.1. Revenue

Total revenue comprises Service Charges and Associate Charges. Service Charge revenue is earned by providing professional services to clients for ongoing protection of IP, including core IP lifecycle work (filing and prosecution of IP rights) and associated advice to clients in relation to their IP rights and the IP rights of their competitors as discussed in Section 3.3.2.

The Group can earn service revenue before an application is filed up to its final renewal, which can be up to 20 years in the case of patents and indefinite in the case of trade marks. The Group has a large portfolio of patents and trade marks at various stages of the IP lifecycle that reflect applications filed in previous years. Revenue is therefore influenced by the number of applications filed in both the current and prior periods and complexity of the patent or trade mark itself, which impacts the professional service hours relating to the filing.

In addition, DCC's legal services practice provides commercial legal advice and IP litigation services. This is set out in Section 3.3.4.

The Group's services are primarily charged on the basis of an hourly rate, fixed price or a combination of both. Pricing is task based and the Group maintains pricing in AUD, USD and SGD. In some cases, the Group will enter into a project based fixed price arrangement with its clients.

Associate Charge revenue includes revenue from recharging the cost of arranging for IP protection in other jurisdictions at all stages of the IP lifecycle and, in addition, revenue from recharging the fees of barristers and other experts. Associate Charge revenue is typically lower margin, arising from the recharge of foreign agent fees, barrister fees, expert opinions and other matters.

Group revenue grew by 7.8% in FY15 to \$97.1 million.

Key factors affecting revenue in FY15 included:

- growth in IP lifecycle Services Charges of 12% as a result of the flow through of applications filed in previous years (in part due to increased applications in FY13 as a result of the Raising the Bar Act that came into effect in April 2013 that significantly increased patent filings during that period). See Section 2.4.2 for further information;
- growth in advisory Service Charges of 6% driven by several large litigation cases being supported, particularly by DCC;
- the number of new patent cases secured by the Firms in FY15 increased by 3.6% compared with FY14, including local Australian cases, cases in Asia and the rest of the world;
- the decline in the value of the AUD relative to the USD resulted in USD denominated revenue translating to a higher quantum of AUD revenue in FY15 relative to FY14. If USD denominated revenue had been converted at the forecast rate of AUD to USD 1.00:0.75 across all years, Service Charges would have been \$76.6 million in FY14 and \$80.1 million in FY15; and
- other income includes the commission element of DCC's actual patent and trade mark renewal pipeline as advised by the third party managing and renewals process, and foreign exchange gains and losses.

5.8.2. Operating expenses

Operating expenses have been categorised as follows:

- compensation – salaries, wages and other employment related costs for the Principals, other professional staff, operational staff, corporate staff and executive management who are employed by the Group;
- recoverable expenses – include payments to foreign agents that lodge applications in countries outside of those countries in which the Group acts directly before the national IP office and, additionally, fees paid to barristers and other experts;
- occupancy – rent and other occupancy related costs for premises that are leased and occupied by the Group; and
- other expenses – includes directors fees, audit and tax fees, bad and doubtful debts, utilities, business development, travel, insurance, IT, and general and administrative expenses.

Total operating expenses increased by 4.9% to \$80.8 million in FY15. Key factors affecting operating costs in FY15 include:

- compensation costs increased by 2.9% to \$40.9 million, which is the net result of a reduction in administrative headcount due to the outsourcing of the IT function of DCC (refer below), offset by an increase in operational headcount associated with increased activity levels and general wage inflation;
- recoverable expenses increased by 2.3% to \$21.2 million largely in line with Associate Charges. Associate Charges are generally paid in USD, however, the Group has no material foreign exchange exposure on these expenses as the cost is billed directly to clients;
- occupancy costs decreased marginally by 3.3% to \$5.5 million primarily due to a small reduction in property maintenance costs; and
- other expenses increased by 21.6% to \$13.2 million mainly due to an increase in technology costs as a result of DCC outsourcing its IT function. The outsourcing of the IT functions enabled a reduction in headcount and a partially offsetting saving in compensation costs, as set out above.

5.8.3. EBITDA and EBITA

As a result of the changes in revenue and operating expenses discussed above, EBITDA grew 31.5% to \$20.9 million in FY15. The Group EBITDA margin (% of revenue) improved significantly from 17.3% in FY14 to 21.1% in FY15.

Depreciation charges were stable at \$0.8 million in both FY14 and FY15. Group EBITA grew 33.1% to \$20.2 million in FY15.

SECTION 5 FINANCIAL INFORMATION

5.9. DIRECTORS' ASSUMPTIONS UNDERLYING THE FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared in accordance with the significant accounting policies adopted by the Company and as disclosed in Appendix A which are in compliance with Australian Accounting Standards.

The Forecast Financial Information is based on various assumptions of which the main general and specific assumptions are summarised below. These assumptions do not represent all factors that will affect the Group's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. The actual financial performance in the future is likely to vary from the forecast financial performance and any variation may be materially positive or negative. The assumptions on which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies many of which are outside the control of the Group. Accordingly, the Group or its Directors, or any other person cannot give any assurance that the Forecast Financial Information or any prospective statement contained in the Prospectus will be achieved.

In preparing the Forecast Financial Information, the Group has undertaken a detailed analysis of the historical performance and monthly revenue and cost run rate of the business and used this analysis to inform the specific assumptions applied, where appropriate, across the business in order to forecast the financial performance in FY16 and FY17. The assumptions set out below should be read in conjunction with the general assumptions set out in Section 5.9.1, the sensitivity analysis set out in Section 5.10, the risk factors set out in Section 4, the Investigating Accountant's Report set out in Section 8 and other information in this Prospectus.

5.9.1. General assumptions

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

- no material change in the competitive operating environment in which the Group operates;
- no significant deviation from current market expectations of global, Australian, New Zealand or Asian economic conditions relevant to the Group during the forecast period;
- no material changes in any government legislation or regulation (including tax legislation), or government policy that has a material impact on financial performance or cash flows, financial position, accounting policies, or licensing requirements of the Group, or its ability to earn income from clients including in jurisdictions where it is not licensed and does not actively market;
- no material changes in key personnel and the Group maintains its ability to recruit and retain the personnel required to support future growth;
- no significant interruptions are experienced in relation to the technology, platform or websites utilised by the Group, including as a result of ongoing development;
- no material changes in the applicable Australian Accounting Standards or other mandatory professional reporting requirements of the Corporations Act which have a material effect on the Group's financial performance, financial position, accounting policies, financial reporting or disclosure during the forecast period;
- no material industry disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of the Group;
- no material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus;
- no material changes to the Group's corporate or funding structure other than as set out in, or contemplated by, this Prospectus;
- no material disruptions to the continuity of operations of the Group or other material changes in its business activities;
- no material amendment to or termination of any material agreement, contract or arrangement other than set out in, or contemplated by, this Prospectus;
- none of the risks listed in Section 4 eventuate, or if they do, none of them have a material adverse impact on the operations of the Group;
- foreign exchange rates are forecast to remain consistent during the forecast period; and
- the Offer proceeds in accordance with the timetable set out on page 3 of this Prospectus.

5.9.2. Specific material assumptions affecting the Forecast Financial Information and management discussion

In preparing the Forecast Financial Information the Group has undertaken a detailed analysis of the historical performance and monthly revenue and cost run rate of the business, and used this analysis to inform the specific assumptions applied, where appropriate, across the business. The assumptions set out below should be read in conjunction with the general assumptions set out in Section 5.9.1, the sensitivity analysis set out in Section 5.10, the risk factors set out in Section 4, the Investigating Accountant's Report set out in Section 8 and other information in this Prospectus.

5.9.2.1. Foreign exchange

Key foreign exchange assumptions applied in the Forecast Financial Information include:

- 1 AUD = 0.75 USD; with the assumption applying to both the period March 2016 to June 2016 (the forecast portion of FY16) and FY17; and
- foreign exchange rates are forecast to remain consistent each month of the forecast period.

As at 31 May 2016, DCC had foreign exchange contracts in place covering May 2016 to August 2016. These contracts determine that:

- the first USD 2.75 million of receipts in each of May 2016 and June 2016 are converted to AUD at the rate of 1 AUD = 0.694 USD; and
- the first USD 3.0 million in receipts for July 2016 and August 2016 are converted at the rate of 1 AUD = 0.7315 and 0.7215 USD respectively.

In line with the active existing contract positions, foreign exchange gains are forecast to be \$1.8 million for FY16.

5.9.2.2. Service Charges

Australian Service Charges are forecast to increase by 10.8% in FY16 and 4.6% in FY17. The Group has forecast Service Charges based on assessment of available billable hours of the Principals and client facing staff, which are consistent with the monthly run rate experienced during FY15 and YTD16. Core services (e.g. applications, acceptances, examinations and renewals) have been forecast based on the continuation of the monthly growth trend experienced during FY15 and YTD16. In assessing the monthly growth trends experienced, the Group has also considered trends in patent filing applications (including provisional applications) in both current and prior periods in order to estimate revenue growth during the prosecution, opposition, granting and renewal phases of the patent application process.

The above 'bottom up' Service Charges forecast has also been considered against a detailed breakdown of revenue by client, based on activity in FY15 and prior periods, known changes in specific patent/trade mark filing activity or advisory services required.

Singapore Service Charges growth is forecast to account for \$0.4 million of the \$4.2 million of the growth forecast in FY17, which is reflective of the early stage establishment of the practice in Singapore in FY16.

5.9.2.3. Associate Charges

Associate Charges are forecast to increase by 7.6% in FY16 and 3.3% in FY17, consistent with the projected activity rates in Service Charges above. It has been assumed that there will be no material change in the proportion of revenue generated through Foreign Associates and that agent fees incurred will be fully passed to clients, which is consistent with prior years and historical practice.

5.9.2.4. Other income

Key assumptions underlying the other income in the Forecast Financial Information include:

- the commission element of other income is based on DCC's actual patent and trade mark renewal pipeline as advised by the third party managing the renewals process;
- foreign exchange gains and losses are based on forward foreign exchange contracts for the period to June 2016; and
- foreign exchange gains and losses are assumed to be nil in FY17 on the basis that all currently active forward foreign exchange contracts expire on 31 August 2016 and unrealised gains on active contracts will be recorded at 30 June 2016. Foreign exchange rates are assumed to be consistent over the forecast period at 1 AUD = 0.75 USD.

5.9.2.5. Operating expenses

Key assumptions underlying operating expenses in the Forecast Financial Information include:

- compensation expenses are forecast based on the wages and on-costs of the existing headcount of the business (including the former Principals), with allowance for an annual compensation review on 1 July 2016 and 1 July 2017, planned new hires to support the level of growth in the business and becoming a public company, known maternity/paternity leave and a small level of attrition consistent with historical levels. Recoverable expenses are based on forecast levels of Service Charges with no material change in the proportion of revenue generated through Foreign Associates;
- occupancy expenses for DCC are forecast based on existing property leases taking into account known contractual terms as well as straight-line lease accounting requirements as applicable. Key premises for DCC in Melbourne, Sydney, Brisbane and Singapore are leased to December 2025, November 2017, October 2018 and December 2020 respectively. FPA will have a license to its premises in Melbourne and Sydney until 31 March 2017;
- other operating expenses are based on prior year levels of expenditure due to the predominantly fixed nature of these costs, with adjustments factored in to allow for known deviations from the base level of expenditure required. For example, IT improvement projects which are forecast in FY17; and
- FPA's IT infrastructure and services will be hosted and maintained by EHSA in line with the FPA Transitional Services Agreement (see Section 9.6(e)) until 31 March 2017.

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5.9.2.6. Net finance costs

Interest and related fees on long term borrowings is based on pro forma levels of drawings of \$14.6 million per the New Banking Facilities and forecast cashflows.

Finance lease interest expense is based on the known interest expense profile of current finance leases in place. No material new finance leases are expected to be taken out during the forecast period.

5.9.2.7. Income tax

Income tax expense is based on the corporate tax rate of 30% in Australia. As Singapore earnings are considered immaterial, no allowance has been made for the lower corporate tax rate in Singapore.

5.9.2.8. Change in working capital

Trading terms with clients, Foreign Associates, employees and suppliers are forecast to remain in line with recent historical trends.

5.9.2.9. Capital expenditure and depreciation

- Maintenance capital expenditure in relation to the office, IT environment and office equipment of \$0.5 million in both FY16 and FY17, which is consistent with historical expenditure as the businesses are not capital intensive.
- Finance lease capital repayments are forecast to be \$0.5 million in FY16 and \$0.6 million in FY17 in relation to financed office fit outs of Melbourne and Brisbane and leased office equipment, which are based on known finance lease agreements in place as at the date of preparation of the forecast.
- Singapore office fit out costs of \$0.3 million are forecast in FY16 and have largely been incurred in the YTD period to February 2016.
- FPA's IT infrastructure and services will be hosted and maintained by EHSA in line with the FPA Transitional Services Agreement (see Section 9.6(e)) until 31 March 2017. Depreciation of property, plant and equipment, including new capital expenditure during the forecast periods, will continue to be recorded on the basis of the estimated useful lives and depreciation policies disclosed in Appendix A which are consistent with historical periods.

5.9.3. Management discussion and analysis of Forecast Financial Information

In addition to the above, the Forecast Financial Information has been prepared having regard to the current trading performance of the Group up until the Original Prospectus lodgement date.

Figure 5.9 sets out the summary pro forma consolidated income statements for FY15 and FY16.

FIGURE 5.9: PRO FORMA CONSOLIDATED INCOME STATEMENT – FY16 COMPARED TO FY15

Y/E 30 June (A\$m)	FY15	FY16	Change (%)
Service Charges	73.7	81.8	11.1%
Associate Charges	23.4	25.2	7.6%
Revenue	97.1	107.0	10.2%
Other income	4.6	3.7	(18.9%)
Expenses			
Compensation	(40.9)	(42.3)	3.3%
Recoverable expenses	(21.2)	(23.1)	8.9%
Occupancy	(5.5)	(6.2)	12.9%
Other	(13.2)	(13.9)	5.2%
Total expenses	(80.8)	(85.4)	5.7%
EBITDA	20.9	25.4	21.3%
Depreciation	(0.8)	(0.8)	6.7%
EBITA	20.2	24.6	21.8%
Interest expense	(0.9)	(0.9)	0.5%
PBTA	19.3	23.7	22.8%
Tax expense	(5.8)	(7.1)	22.8%
NPATA	13.5	16.6	22.8%

Note: The pro forma historical results are reconciled to the statutory historical results in Section 5.6.

Revenue

Group revenue is forecast to increase by 10.2% to \$107 million in FY16.

Key factors forecast to affect revenue in FY16 include:

- growth in IP lifecycle Service Charges of 14% as a result of the flow through of applications filed in previous years and growth in advisory Service Charges of 4%;
- the number of new patent cases secured by the Firms in FY16 increased by 18.8% compared with FY15, including local Australian cases (14%), PCT cases (24%), cases in Asia (193%) and the rest of the world;
- a small contribution in incremental revenue from the new Singapore operations which were established during the period to set up the platform for Asian patent and trade mark filings;
- the decline in value of the Australian dollar relative to the United States dollar had the effect of US denominated charges translating to a higher value of revenue in FY16 relative to FY15. If United States dollar denominated revenue was converted at the forecast rate of AUD to USD 1.00:0.75 across all years, Service Charges would have been \$80.1 million and \$81.7 million in FY15 and FY16 respectively; and
- FPA revenue in FY16 reflects:
 - the core business, being filing and prosecution of patents, continuing to grow in FY16 due to increased filing and prosecution volumes relative to FY15;
 - litigation support and general advisory services are forecast to decline in FY16 due to the conclusion of large litigation and opposition matters that FPA was supporting; and
 - revenue from growth in the core business is forecast to offset the forecast decline in litigation support and opposition matters.

Operating expenses

Operating expenses are forecast to increase by 5.7% to \$85.4 million in FY16. This increase assumes that:

- compensation expenses are forecast to increase by 3.3% to \$42.3 million due to:
 - a moderate increase in average wages on 1 July 2015; and
 - an increase in headcount relating to the establishment of the Singapore office;
- recoverable expenses are forecast to increase by 8.9% to \$23.1 million generally in line with increased activity but also affected by increased use of barristers in FY16;
- occupancy expenses are forecast to increase by 12.9% primarily as a result of a new premises being leased in Singapore; and
- other expenses are forecast to increase by 5.2% mainly in line with increased business activity. The cost of outsourcing of technology support services remained the same as FY15.

In aggregate, the incremental impact on operating expenses (relative to FY15) as a result of the establishment of the Singapore office is \$1.3 million in FY16.

EBITDA

As a result of the forecast changes in revenue and operating expenses discussed above, EBITDA is forecast to increase by 21.3% to \$25.4 million in FY16. The Group EBITDA margin (% of revenue) is forecast to increase to 23.3% in FY16 from 21.1% in FY15.

Depreciation and amortisation

Depreciation and amortisation is forecast to remain broadly consistent at \$0.8 million. The small increase is primarily attributable to the commencement of depreciation of the office fit out in Singapore.

Interest expense

Pro forma interest expense is forecast to be \$0.9 million in FY16 based on the debt and equity structure post Completion of the Offer as set out in the pro forma consolidated financial position of the Group in Section 5.4, which incorporates the New Banking Facilities set out in Section 5.12. The interest expense forecast assumes interest payments and drawdown profile consistent with FY17.

Capital expenditure

Capital expenditure is forecast to increase to \$1.3 million in FY16 due to expenditure incurred in YTD16 to fit out the new Singapore office and the continued investment in the Group's technology and operating systems to support the future growth in the business and to drive process improvements and efficiencies.

Actual YTD16 and forecast FY16

FY16 comprises eight months of actual results to 29 February 2016 and four months of forecast results to 30 June 2016. YTD16 represents eight months of actual trading performance to 29 February 2016. The YTG Forecast Financial Information represents four months of forecast trading performance to 30 June 2016 and has been prepared having regard to the current trading performance of the Group until the Original Prospectus lodgement date which has been consistent with forecast results.

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Figure 5.10 sets out the pro forma consolidated income statements for YTD16, YTG16 and FY16. The equivalent YTG period of FY15 contributed 36.2% of revenue, 41.9% of EBITDA and 42.7% of NPATA, comparable to FY16.

FIGURE 5.10: SUMMARY PRO FORMA CONSOLIDATED INCOME STATEMENT FY16 HISTORICAL AND FORECAST COMPONENTS

Y/E 30 June (A\$m)	YTD FY16	YTG FY16	FY16	% of FY16	
				YTD16	YTG16
Service Charges	53.1	28.7	81.8	64.9%	35.1%
Associate Charges	15.6	9.6	25.2	62.0%	38.0%
Revenue	68.7	38.3	107.0	64.2%	35.8%
Other income	2.5	1.2	3.7	67.5%	32.5%
Expenses					
Compensation	(28.1)	(14.2)	(42.3)	66.5%	33.5%
Recoverable expenses	(14.3)	(8.8)	(23.1)	61.8%	38.2%
Occupancy	(3.9)	(2.2)	(6.2)	64.0%	36.0%
Other	(9.2)	(4.7)	(13.9)	66.2%	33.8%
Total expenses	(55.5)	(29.9)	(85.4)	65.0%	35.0%
EBITDA	15.8	9.6	25.4	62.1%	37.9%
Depreciation	(0.5)	(0.3)	(0.8)	66.7%	33.3%
EBITA	15.2	9.3	24.6	62.0%	38.0%
Interest expense	(0.6)	(0.3)	(0.9)	66.7%	33.3%
PBTA	14.6	9.0	23.7	61.8%	38.2%
Tax expense	(4.4)	(2.7)	(7.1)	61.8%	38.2%
NPATA	10.2	6.3	16.6	61.8%	38.2%

Figure 5.11 sets out the summary pro forma consolidated income statements for FY16 and FY17.

FIGURE 5.11: PRO FORMA CONSOLIDATED INCOME STATEMENT – FY17 COMPARED TO FY16

Y/E 30 June (A\$m)	FY16	FY17	Change (%)
Service Charges	81.8	86.0	5.1%
Associate Charges	25.2	26.0	3.3%
Revenue	107.0	112.1	4.7%
Other income	3.7	2.0	(46.1%)
Expenses			
Compensation	(42.3)	(43.2)	2.1%
Recoverable expenses	(23.1)	(23.8)	3.4%
Occupancy	(6.2)	(6.7)	8.2%
Other	(13.9)	(13.0)	(6.7%)
Total expenses	(85.4)	(86.6)	1.5%
EBITDA	25.4	27.5	8.3%
Depreciation	(0.8)	(0.9)	15.6%
EBITA	24.6	26.5	7.9%
Interest expense	(0.9)	(0.9)	3.7%
PBTA	23.7	25.6	8.1%
Tax expense	(7.1)	(7.7)	8.1%
NPATA	16.6	17.9	8.1%

Notes: The pro forma historical results are reconciled with the statutory historical results in Section 5.6.

Revenue

Group revenue is forecast to increase by 4.7% to \$112.1 million in FY17.

Key factors forecast to affect revenue in FY17 include:

- ongoing growth in IP lifecycle Service Charges of 6% as a result of the flow through of applications secured in previous years and growth in advisory Service Charges of 3%;
- other organic business growth and a small amount of growth in local revenue generated in Singapore; and
- FPA revenue in FY17 reflects:
 - the core business, being filing and prosecution of patents, continuing to grow in FY17 at similar growth rates experienced during FY16;
 - increased revenue from Asian applications; and
 - litigation support, oppositions and general advisory service revenues to continue at FY16 levels.

The reduction in 'Other income' predominantly represents foreign exchange gains from the YTD16 period, which are not forecast to recur to the same level in FY17 as the FY17 forecast has been prepared based on a constant AUD to USD foreign exchange rate of 1.00:0.75.

The forecast AUD to USD exchange rate used in the FY17 forecast of 1.00:0.75 compares to an average of 1.00:0.7328 in FY16 (inclusive of the period 1 March 2016 to 30 June 2016 which has been fixed at 1.00:0.75). This increase in the forecast exchange rate has the effect of US denominated sales translating to a lower value of revenue in FY17 relative to FY16. If USD denominated revenue was converted at the forecast rate of AUD to USD 1.00:0.75 across the entire FY16 period, Service Charges would be \$81.7 million and \$86.0 million in FY16 and FY17 respectively.

Operating expenses

Operating expenses are forecast to increase by 1.5% to \$86.6 million. This increase assumes that:

- compensation is forecast to increase by 2.1% to \$43.2 million due to a moderate increase in average wages from 1 July 2016;
- recoverable expenses are forecast to increase by 3.4% to \$23.8 million, generally in line with increased Associate Charges;
- occupancy expenses are forecast to increase by 8.2% as the full year cost of the new Singapore premises flows through; and
- other expenses are forecast to decrease by 6.7% mainly as a result of one off travel and Principal relocation support costs incurred in FY16 in relation to the Singapore office establishment.

In aggregate, the net incremental impact (relative to FY16) on operating expenses as a result of the establishment of the Singapore office is \$0.3 million.

The Group will transition FPA onto the Company's IT systems, which is likely to include an amount of one off capital expenditure but is expected to result in annual operating cost savings following the transition.

EBITDA

As a result of the forecast changes in revenue and operating expenses discussed above, EBITDA is forecast to increase by 8.3% to \$27.5 million in FY17. The Group EBITDA margin (% of revenue) is forecast to increase from 23.3% in FY16 to 24.1% in FY17.

Depreciation and amortisation

Depreciation and amortisation is forecast to increase by 15.6% to \$0.9 million. The increase is predominantly due to the full year impact of the depreciation of the Singapore office fit out in FY17.

Interest expense

Pro forma interest expense is forecast to be \$0.9 million in FY17 based on the debt and equity structure post Completion of the Offer as set out in the pro forma consolidated financial position of the Group in Section 5.4, which incorporates the New Banking Facilities set out in Section 5.12. The interest expense forecast assumes \$14.6 million is initially drawn down from the New Banking Facilities as set out in Section 5.4 and an effective interest rate of approximately 6.0% based on the initial drawing and forecast cash flows through the period. An additional \$0.2 million in undrawn line fees is also included.

Tax expense

Income tax expense of \$7.7 million has been forecast in FY17 based on an effective tax rate of 30%, reflecting the current corporate income tax rate in Australia in FY17. Income tax expense has been adjusted to reflect the tax effect of the pro forma adjustments made to the Forecast Financial Information.

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Capital expenditure

Capital expenditure is forecast to decrease to \$1.0 million in FY17. The decrease reflects the completion of the fit out of the Singapore office in FY16, and the on going expenditure of \$1.0 million reflects the continued investment in maintaining and improving the Group's IT systems and general office equipment expenditure.

The Group will transition FPA onto the Company's IT systems, which is likely to include an amount of one off capital expenditure but is expected to result in annual operating cost savings following the transition.

5.10. SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of estimates and assumptions as described in Section 5.9. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Group, the Directors and Management. These estimates are also based on assumptions with respect to future business decisions which are subject to change.

Set out below is a summary of the sensitivity of certain FY17 Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions and assumes a full year impact. In practice, changes in assumptions may offset each other or be additive, and it is likely that the Group's Management would respond to any changes in one item to seek to minimise the net effect on the Group's EBITDA and cash flow. In particular, the sensitivities to movements in exchange rates may be dynamically managed by the Group in a number of ways which include entering into hedging contracts and/or modifying the Group's schedule of rates.

For the purpose of the analysis below, the effect of the changes in key assumptions on the FY17 forecast pro forma EBITDA of \$27.5 million is set out in Figure 5.12 below.

FIGURE 5.12: SENSITIVITY ANALYSIS ON PRO FORMA FORECAST EBITDA OF \$27.5 MILLION FOR FY17

Assumptions	Increase/(decrease)	FY17 pro forma EBITDA impact (\$m)	FY17 pro forma NPAT impact (\$m)
Change in AUD/USD exchange rate	1 cents / (1 cents)	(0.7) / 0.7	(0.5) / 0.5
Change in compensation expense	1.0% / (1.0%)	(0.4) / 0.4	(0.3) / 0.3
Change in Service Charge revenue	1.0% / (1.0%)	0.9 / (0.9)	0.6 / (0.6)

5.11. CAPITALISATION AND INDEBTEDNESS

Figure 5.13 below sets out:

- consolidated cash, current loans and borrowings and total capitalisation of the Group as at 29 February 2016 before Completion of the Offer; and
- consolidated cash, current loans and borrowings, non-current loans and borrowings and total capitalisation of the Group as adjusted after giving effect to the impact of the Offer and New Banking Facilities as if the transaction had occurred on 29 February 2016.

FIGURE 5.13: PRO FORMA CONSOLIDATED INDEBTEDNESS OF QANTM AS AT 29 FEBRUARY 2016

As at 29 February 2016 (A\$m)	Before Completion of the Offer	Pro forma after Completion of the Offer	Adjustments ¹	Adjusted Pro forma
Cash and cash equivalents	(0.4)	2.3	(2.3)	–
Current loans and borrowings	2.5	–	–	–
Non-current loans and borrowings	30.0	14.6	–	14.6
Other financial liabilities	2.5	1.7	–	1.7
Total indebtedness (including Principal loans)	34.6	18.6	(2.3)	16.3
Issued capital	–	206.7		
Reserves	–	(144.2)		
Retained profits	(19.1)	(2.9)		
Total equity	(19.1)	59.6		
Total capitalisation and indebtedness	(15.5)	78.2		

Notes:

1. The pro forma balance sheet is prepared using the 29 February 2016 balance sheet of DCC and FPA, which has a lower cash balance and different working capital balances than the actual balances at Completion of the Offer based on the management accounts of DCC and FPA at 30 June 2016. The higher projected cash balances and working capital at Completion of the Offer will be available to settle external and Existing Owner liabilities and is not expected to require borrowings greater than \$14.6 million. Accordingly, an adjusted pro forma indebtedness has been provided as it is more representative of the actual indebtedness that will be in place at Completion of the Offer.

5.12. NEW BANKING FACILITIES

The Company has executed a binding term sheet to establish a number of new banking facilities with ANZ. These banking facilities will be in place by Listing and will comprise a:

- \$25 million revolving overdraft sub-facility and cash advance sub-facility (**Facility A**);
- \$4.5 million asset finance facility (**Facility B**);
- \$30 million acquisition facility (**Facility C**);
- \$1.88 million commercial card facility;
- \$1.38 million standby letter of credit or guarantee facility;
- \$0.3 million bills negotiation not under credit facility;
- \$2.1 million electronic payaway facility; and
- \$20,000 encashment facility,

(together, **New Banking Facilities**).

Facilities A, B and C will have a maturity date of 31 July 2019. For all other facilities, the maturity date will be a date not before the first anniversary of the date of agreement in relation to the New Banking Facilities. A facility establishment fee will be paid on the initiation of the New Banking Facilities.

All loans under the cash advance sub-facility and Facility C will have a variable interest rate based on bank bill swap rate (BBSY) plus a margin calculated with reference to the net leverage ratio. For all loans under the overdraft sub-facility, interest rates will be based on BBSY (for a period of one month) plus a margin calculated with reference to the net leverage ratio. In addition, line fees calculated based on the relevant facility limit will be payable on Facility A and Facility C (and if applicable, as advised by ANZ on all other facilities).

Financial covenants

The facility agreement under which the New Banking Facilities will be made available contains financial covenants typical for facilities of this nature. The covenants include financial covenants which will be tested quarterly (unless otherwise specified in the facility agreement). The financial covenants relate to the leverage ratio, fixed charge cover ratio, working capital ratio and debt/debt + equity ratio.

Conditions precedent

There are a number of conditions precedent to first drawdown under the New Banking Facilities which are standard for facilities of this nature. The conditions precedent include ANZ receiving a copy of the Prospectus, legal and financial due diligence reports on the Company, evidence of the Company Listing and trading of its Shares on ASX has commenced, evidence that proceeds from Listing have been released for the purposes of repayment of existing loans to banks, satisfaction of ANZ's 'KYC' and anti-money laundering requirements and any other items or information that ANZ reasonably requests in connection with the facilities.

There are also a number of additional conditions precedent which must be met for all draws under Facility C. These include the Company obtaining ANZ's prior consent for each drawing, the acquisition must be consistent with the Company's core business and specific conditions depending on whether the drawing is less than \$10 million or greater than \$10 million.

Representations, warranties and undertakings

The New Banking Facilities will contain representations, warranties and undertakings which are usual for facilities of their nature, including undertakings to provide certain information, a negative pledge, restrictions on financial indebtedness, provision of financial accommodation, grant of security interests, acquisitions and disposal of assets (in each case subject to exceptions usual for facilities of this nature).

Defaults

The New Banking Facilities will contain events of default as are standard for facilities of this nature, including without limitation non-payment of any amounts owing, material adverse effect, suspension or delisting of the Shares on the ASX and cessation of all or a material part of the Company's core business.

SECTION 5 FINANCIAL INFORMATION

The New Banking Facilities will also contain review events that are standard for facilities of this nature, including where there is a change of control which will occur where any person owns greater than 49.9% of the issued Shares in the Company or comes to control the Company.

Security and guarantees

The New Banking Facilities will be secured by a security interest granted by the Group over all of their assets in favour of ANZ as well as cross guarantees and indemnities between the Group members. Hedging arrangements will also be secured on a pari passu basis with the facilities.

5.13. LIQUIDITY AND CAPITAL RESERVES

Following Completion of the Offer, the Group's principal sources of funds will be cash flow from operations and borrowings under its New Banking Facilities as described in Section 5.12.

The Group expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period. The Group expects that its operating cash flows, together with borrowings under its New Banking Facilities, will position the Group to grow its business in accordance with the Forecast Financial Information.

5.14. FOREIGN EXCHANGE HEDGING POLICY

A substantial proportion of revenue is charged in currencies other than Australian dollars, predominantly in US dollars, and to a lesser extent other currencies. In addition, a proportion of expenses in the business are incurred in currencies other than Australian dollars, including US dollars, British Pounds Sterling, Singapore dollars and Euros. In order to limit the net exposure to changes in the USD, QANTM enters into foreign exchange contracts as part of its hedging policy. The translation risk of other currencies is unhedged. Under the policy, QANTM will review its Australian dollar exposure for expected US dollar revenue receipts up to three months in advance, which represents approximately 15% of total Service Charge revenue. Up to 100% of this exposure may be hedged at the Board's discretion. QANTM does not apply hedge accounting and therefore the movement in the fair value of such derivatives is recognised in the profit and loss.

Refer to Section 5.9.2.1 for details of open hedging contracts as at the date of this Prospectus.

The profit and loss of Davies Collison Cave Asia Pte. Ltd. is recorded in Singapore dollars and converted to Australian dollars at the average exchange rates for the period. This translation risk is unhedged.

The Board will periodically review the foreign exchange hedging policy.

5.15. DIVIDEND POLICY

Subject to the financial forecasts being achieved and other relevant factors, the Directors intend to declare total dividends for FY17 of \$11.8 million or 8.9 cents per Share payable as an interim dividend for the period from 30 August 2016 to 31 December 2016 and a final dividend for the period ending 30 June 2017. The forecast FY17 annualised dividend yield is 4.9% based on the Offer Price per Share of \$2.22. It is expected that the FY17 dividends will be fully franked.

Beyond the forecast period, the Board is targeting a dividend payout ratio of between 70% to 90% of NPATA and to frank and impute dividends to the greatest extent possible.¹

The Directors can provide no guarantee as to the future dividend policy, the extent of future dividends or the level of franking or imputation of such dividends, as these will depend on the future profits of QANTM, the contribution of profits from outside Australia and the Company's financial and taxation position at that time. The level of payout ratio is expected to vary between periods depending on various factors including the general business environment, the operating results and the financial condition of the Group, future funding requirements, capital management initiatives, taxation considerations and any contractual, legal or regulatory restrictions on the payment of dividends by the Company and other factors the Directors may consider relevant. Should value accretive strategic growth, acquisition or investment opportunities arise, it may result in a payout ratio in the future that is less than the above target.

¹ This is not intended to be a forecast or guarantee of dividend payouts. It is merely an indication of QANTM's objectives. QANTM may not be successful in achieving its objectives. Returns are not guaranteed.





KEY PEOPLE, INTERESTS AND BENEFITS



SECTION 6 KEY PEOPLE, INTERESTS AND BENEFITS

6.1. BOARD OF DIRECTORS

The Board of Directors brings relevant experience and skills including professional services, financial management, legal services and corporate governance. The Board comprises:

Position	Experience, qualifications and expertise
 <p>Richard England Independent Non-Executive Chairman FCA, MAICD</p>	<p>Richard was appointed independent Non-Executive Chairman in June 2016.</p> <p>Richard is currently chairman of Ruralco Holdings Limited. In addition, Richard is a non-executive director of Macquarie Atlas Roads Limited, Nanosonics Limited and Japara Healthcare Limited.</p> <p>Richard was formerly a partner at Ernst & Young from 1988 to 1994 and a consultant until 2003.</p> <p>Richard is a Fellow of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors.</p>
 <p>Leon Allen Managing Director BSc (Hons), Patent Attorney</p>	<p>Leon joined DCC in 1995 and has worked as a patent attorney since 1981. Leon has been managing partner and chairman of DCC's national management board since 2011.</p> <p>Leon is a past president of the Institute of Patent and Trade Marks Attorneys of Australia having served on its Council from 1992 to 2013. Leon has served two terms on the Advisory Council on Intellectual Property to the Federal Government, the second as chair. Leon is a Fellow of the International Federation of Patent Attorneys Academy of Education, teaching patent drafting in Europe, and is also a Senior Fellow of the University of Melbourne.</p>
 <p>Cameron Judson Independent Non-Executive Director BA, MBA</p>	<p>Cameron was appointed as an Independent Non-Executive Director in June 2016.</p> <p>Cameron is currently joint CEO of McGrath Limited. Cameron was previously CEO and managing director of Chandler Macleod Group Limited from June 2012 to July 2015. Cameron began working for Chandler Macleod in 2005 and held various operational and executive roles.</p> <p>Cameron holds a Bachelor of Arts from the University of NSW and a Masters of Business Administration (Executive) from the Australian Graduate School of Management.</p>
 <p>Sonia Petering Independent Non-Executive Director LLB, B.Com, FAICD</p>	<p>Sonia was appointed as an Independent Non-Executive Director in June 2016.</p> <p>Sonia is currently a director of Virtus Health Limited and TAL Dai-ichi Australia Pty Ltd. Sonia previously served on the boards of the Transport Accident Commission and Rural Finance Corporation where she was chair of the board from 2009 to June 2016.</p> <p>Sonia has also chaired various board committees including audit and risk, marketing and road safety, remuneration and capability committees.</p> <p>Sonia is an experienced corporate lawyer who commenced her own legal practice in 2001.</p> <p>Sonia holds a Bachelor of Laws and a Bachelor of Commerce from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.</p>

Position	Experience, qualifications and expertise
 <p>Abigail Cheadle Independent Non-Executive Director B. Bus, ACA</p>	<p>Abigail was appointed as an Independent Non-Executive Director in June 2016.</p> <p>Abigail is a chartered accountant with over 20 years' experience working in Australia, Asia, Middle East and Europe. Abigail has established and/or managed successful professional services practices in Asia, including: being an executive director and managing director of Kroll, South East Asia; an executive director, Partner and Head of Forensics at KordaMentha in Asia; lead director of Forensics at Deloitte Singapore; and Head of Forensic Accounting Service Line for Asia Pacific for Ernst & Young.</p> <p>Abigail is currently chief executive officer of CompletePlace Pty Ltd, an emerging property software and services business.</p>

The composition of the Board committees and details of its key corporate governance policies are set out in Section 6.5.

The Board has considered the Company's immediate requirements as it transitions to an ASX listed company and is satisfied that the composition of the Board reflects an appropriate range of independence, skills and experience for the Company after Listing.

6.2. EXECUTIVE MANAGEMENT

The Group's senior executive managers are set out below:

Position	Experience, qualifications and expertise
<p>Leon Allen Managing Director BSc (Hons), Patent Attorney</p>	<p>See Section 6.1 for details.</p>
<p>James Cherry Managing Principal FPA BSc (Biochemistry), LLB (Hons), Patent Attorney</p>	<p>James joined the then Freehill Hollingdale & Page in 1990 and registered as a patent attorney in 1995. James has been a partner in the patent practice since 1996 and has acted primarily as a patent attorney since 2000. He was also a partner in the Freehills law firm from 1997 to 2012. James is a Fellow of the Institute of Patent and Trade Marks Attorneys of Australia.</p> <p>James holds a Bachelor of Laws (Hons) and a Bachelor of Science from the University of Melbourne.</p>
<p>Warren Howe Chief Financial Officer and Company Secretary BBus, CA</p>	<p>Warren joined FPA in 2015 as chief operating officer. Prior to FPA Warren held various operational and executive roles at Crowe Horwath, including CEO – Business Services. Warren led the Business Services division from start up to Australasia's fifth largest accounting firm, growing revenue from \$20 million in 2000 to \$190 million in 2006. He also spent 10 years with Deloitte in client facing roles.</p> <p>Warren holds a Bachelor of Business with distinction from Monash University and is a member of the Institute of Chartered Accountants.</p>

SECTION 6 KEY PEOPLE, INTERESTS AND BENEFITS

6.3. PRINCIPALS

The Principals, who are the senior professional staff within the Firms, are set out below:

Name and position	Years with the Firm	Qualifications
DCC Principals		
Leon Allen <i>Managing Director of QANTM Managing Principal DCC Patent Attorney</i>	21	<ul style="list-style-type: none"> – Bachelor of Science (Physics) (Hons), University of New England – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Geoff Pryor <i>Patent Attorney Lawyer</i>	46	<ul style="list-style-type: none"> – Bachelor of Engineering (Electrical), University of Melbourne – Bachelor of Laws, University of Melbourne – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
David Webber <i>Patent Attorney Lawyer</i>	31	<ul style="list-style-type: none"> – Bachelor of Engineering (Electrical & Electronic) (Hons), University of Adelaide – Bachelor of Laws, Monash University – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
John Hughes <i>Patent Attorney</i>	28	<ul style="list-style-type: none"> – Bachelor of Science (Microbiology, Biochemistry & Immunology) (Hons), Monash University – Doctor of Philosophy (Microbial genetics), Monash University – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Anthony Cowle <i>Patent Attorney</i>	31	<ul style="list-style-type: none"> – Bachelor of Engineering (Electrical), University of New South Wales – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Brett Lewis <i>Lawyer Trade Marks Attorney</i>	25	<ul style="list-style-type: none"> – Bachelor of Arts, Monash University – Diploma in Commercial Law, Monash University – Bachelor of Laws, Monash University – Registered Trade Marks Attorney (Australia)
Darron Saltzman <i>Lawyer</i>	25	<ul style="list-style-type: none"> – Bachelor of Laws (Hons), Monash University – Bachelor of Science, Monash University – Registered Trade Marks Attorney (Australia)
Marion Heathcote <i>Lawyer Trade Marks Attorney</i>	26	<ul style="list-style-type: none"> – Bachelor of Applied Science (Wine Science), Charles Sturt University – Bachelor of Science/Bachelor of Laws, Macquarie University – Master of Laws, University of Sydney – Registered Trade Marks Attorney (Australia)
Michael Caine <i>Patent Attorney</i>	20	<ul style="list-style-type: none"> – Bachelor of Science (Organic Chemistry) (Hons), University of Melbourne – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Damon Henshaw <i>Patent Attorney</i>	26	<ul style="list-style-type: none"> – Bachelor of Science (Physics) (Hons), University of Melbourne – Oxford University – History, Politics and Society (2007 to 2009) – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)

Name and position	Years with the Firm	Qualifications
Michael Wolnizer <i>Lawyer</i> <i>Trade Marks Attorney</i>	22	<ul style="list-style-type: none"> — Bachelor of Laws (Hons), University of Tasmania — Master of Laws, University of Melbourne — Registered Trade Marks Attorney (Australia)
Chris Jordan <i>Lawyer</i>	27	<ul style="list-style-type: none"> — Bachelor of Arts, University of Melbourne — Bachelor of Laws, University of Melbourne — Master of Laws, Monash University — Registered Trade Marks Attorney (Australia)
Bill Pickering <i>Patent Attorney</i>	9	<ul style="list-style-type: none"> — Bachelor of Science (Microbiology) (Hons) University of Melbourne — Doctor of Philosophy (Microbiology), University of Melbourne — Registered Patent Attorney (Australia and New Zealand)
Victor Argaet <i>Patent Attorney</i>	17	<ul style="list-style-type: none"> — Bachelor of Science (Biochemistry and Molecular Biology) (Hons), University of Melbourne — Doctor of Philosophy (Biochemistry and Molecular Biology), University of Melbourne — Registered Patent Attorney (Australia and New Zealand) — Registered Trade Marks Attorney (Australia)
Mark Roberts <i>Patent Attorney</i>	22	<ul style="list-style-type: none"> — Bachelor of Science (Pharmacology and Organic Chemistry) (Hons), University of Melbourne — Registered Patent Attorney (Australia and New Zealand) — Registered Trade Marks Attorney (Australia)
Adam Sears <i>Lawyer</i>	28	<ul style="list-style-type: none"> — Bachelor of Laws (Hons), Deakin University
Gavin Recchia <i>Patent Attorney</i>	10	<ul style="list-style-type: none"> — Bachelor of Science (Hons) and University Medallist, Macquarie University — Doctor of Philosophy (Molecular Biology/Biochemistry), Macquarie University — Master of Industrial Property, University of Technology Sydney — Registered Patent Attorney (Australia and New Zealand) — Registered Trade Marks Attorney (Australia)
Julian Curwen <i>Patent Attorney</i>	16	<ul style="list-style-type: none"> — Master of Arts, Natural Sciences (Materials Science and Metallurgy), Cambridge University — Registered Patent Attorney (Australia and New Zealand) — Registered Trade Marks Attorney (Australia) — Chartered Patent Agent (U.K.) — European Patent Attorney
Chris Carter <i>Patent Attorney</i> <i>Lawyer</i>	18	<ul style="list-style-type: none"> — Bachelor of Science (Hons), University of Western Australia — Bachelor of Laws, Macquarie University — Doctor of Philosophy (Physics), University of Sydney — Registered Patent Attorney (Australia and New Zealand) — Registered Trade Marks Attorney (Australia)
Alistair Smith <i>Patent Attorney</i>	15	<ul style="list-style-type: none"> — Master of Arts (Hons), Natural Sciences (Physics), Cambridge University — Registered Patent Attorney (Australia and New Zealand) — Registered Trade Marks Attorney (Australia) — Chartered Patent Agent (U.K.) — European Patent Attorney

SECTION 6 KEY PEOPLE, INTERESTS AND BENEFITS

Name and position	Years with the Firm	Qualifications
Ross Clark <i>Patent Attorney</i>	17	<ul style="list-style-type: none"> – Bachelor of Engineering (Computer Engineering), University of Melbourne – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Will Hird <i>Patent Attorney</i> <i>Lawyer</i>	18	<ul style="list-style-type: none"> – Bachelor of Engineering (Chemical Engineering) (Hons), University of Sydney – Bachelor of Laws, University of Technology Sydney – Master of Legal Process, University of Technology Sydney – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Justin Negler <i>Patent Attorney</i>	17	<ul style="list-style-type: none"> – Bachelor of Engineering (Mechanical) (Hons), University of Melbourne – Bachelor of Science (Mathematics and Comp. Sci.), University of Melbourne – Master of Intellectual Property Law, University of Melbourne – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Nik Ramchand <i>Patent Attorney</i> <i>Lawyer</i>	9	<ul style="list-style-type: none"> – Bachelor of Engineering (Electrical) (Hons), University of Melbourne – Bachelor of Laws (Hons), University of Melbourne – Masters of Intellectual Property Law, University of Melbourne – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Ramon Tozer <i>Patent Attorney</i>	16	<ul style="list-style-type: none"> – Bachelor of Science (Hons), Deakin University – Doctor of Philosophy (Chemistry), Deakin University – Graduate Diploma (Intellectual Property Law), University of Melbourne – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Richard Brown <i>Patent Attorney</i>	16	<ul style="list-style-type: none"> – Bachelor of Science (Hons) (Physics), University of Melbourne – Doctor of Philosophy (Physics), University of Melbourne – Master of Intellectual Property Law, University of Melbourne – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)
Robert Finn <i>Patent Attorney</i>	9	<ul style="list-style-type: none"> – Bachelor of Engineering (Mechanical) (Hons), University of Western Australia – Bachelor of Science (Chemistry), University of Western Australia – Postgraduate Diploma of Intellectual Property Practice, The Institute of Patent and Trade Marks Attorneys of Australia – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorneys (Australia)
Matthew Lucas <i>Patent Attorney</i>	16	<ul style="list-style-type: none"> – Bachelor of Science (Chemistry) (Hons), La Trobe University – Doctor of Philosophy (Chemistry), University of Melbourne – Master of Intellectual Property Law, University of Melbourne – Registered Patent Attorney (Australia and New Zealand) – Registered Trade Marks Attorney (Australia)

Name and position	Years with the Firm	Qualifications
John Hannebery <i>Lawyer</i>	22	<ul style="list-style-type: none"> — Bachelor of Laws, University of Melbourne — Bachelor of Science (Pharmacology and Organic Chemistry), University of Melbourne — Graduate Diploma in Intellectual Property Law, University of Melbourne — Registered Trade Marks Attorney (Australia)
Paula de Bruyn <i>Patent Attorney</i>	20	<ul style="list-style-type: none"> — Bachelor of Science (Hons), University of Melbourne — Doctor of Philosophy (Organic Chemistry), University of Melbourne — Registered Patent Attorney (Australia and New Zealand) — Registered Trade Marks Attorney (Australia)
Nick Holmes <i>Lawyer</i> <i>Trade Marks Attorney</i>	18	<ul style="list-style-type: none"> — Bachelor of Laws, University of Otago, New Zealand — Master of Laws, Monash University — Registered Trade Marks Attorney (Australia)
Ian Drew <i>Lawyer</i> <i>Trade Marks Attorney</i>	10	<ul style="list-style-type: none"> — Bachelor of Arts, Australian National University — Bachelor of Economics, Australian National University — Bachelor of Laws (Hons), Deakin University — Master of Intellectual Property Law (with Merit), Australian National University — Registered Trade Marks Attorney (Australia)
Ian Pascal <i>Lawyer</i>	8	<ul style="list-style-type: none"> — Bachelor of Laws, University of Melbourne — Graduate Diploma (Commercial Law), Monash University — Registered Trade Marks Attorney (Australia)
Paul Dewar <i>Lawyer</i>	2	<ul style="list-style-type: none"> — Bachelor of Laws, University of Western Australia
Desmond Tan <i>Patent Attorney</i>	1	<ul style="list-style-type: none"> — Bachelor of Engineering, National University of Singapore — Registered Patent Attorney (Singapore)
Gordon Hughes <i>Lawyer</i>	5 months	<ul style="list-style-type: none"> — Bachelor of Laws (Hons), University of Melbourne — Master of Laws, University of Melbourne — PhD in Law, Monash University
Elizabeth Godfrey <i>Lawyer</i>	16	<ul style="list-style-type: none"> — Bachelor of Arts, Monash University — Bachelor of Science (Hons), Monash University — Bachelor of Laws (Hons), Monash University — Graduate Diploma (Intellectual Property), University of Melbourne

Name and position	Years with the Firm	Qualifications
FPA Principals		
James Cherry <i>Managing Principal FPA</i> <i>Patent Attorney</i>	26	<ul style="list-style-type: none"> — Bachelor of Science (Biochemistry), University of Melbourne — Bachelor of Laws (Hons), University of Melbourne — Registered Patent Attorney (Australia and New Zealand)
Brett Connor <i>Patent Attorney</i>	27	<ul style="list-style-type: none"> — Bachelor of Chemical Engineering, University of Queensland — Registered Patent Attorney (Australia and New Zealand)

SECTION 6 KEY PEOPLE, INTERESTS AND BENEFITS

Name and position	Years with the Firm	Qualifications
John Dower <i>Patent Attorney</i>	15	<ul style="list-style-type: none"> — Bachelor of Science (Electrical and Electronic Engineering), University of Cape Town — Bacchalaureus Procurationis, University of South Africa — Registered Patent Attorney (Australia, New Zealand and South Africa)
Tom Gumley <i>Patent Attorney</i>	15	<ul style="list-style-type: none"> — Bachelor of Science (Hons), University of Melbourne — PhD (Medicine), University of Melbourne — Graduate Diploma in IP Law, University of Technology Sydney — Registered Patent Attorney (Australia and New Zealand)
Carl Harrap <i>Patent Attorney</i>	11	<ul style="list-style-type: none"> — Bachelor of Engineering (Hons) (Electrical and Electronic), University of Canterbury — Masters of Engineering in Management, University of Canterbury — Bachelor of Laws, University of New England — Registered Patent Attorney (Australia and New Zealand)
Thor North <i>Patent Attorney</i>	17	<ul style="list-style-type: none"> — Bachelor of Science (Hons) (Physics), University of New South Wales — Master of Legal Studies, University of Technology Sydney — Registered Patent Attorney (Australia and New Zealand)
Damian Slizys <i>Patent Attorney</i>	3	<ul style="list-style-type: none"> — Bachelor of Laws (Hons), University of Melbourne — Bachelor of Science (Hons), University of Melbourne — PhD (Chemistry), University of Melbourne — Registered Patent Attorney (Australia and New Zealand)
Greg Noonan <i>Patent Attorney</i>	20	<ul style="list-style-type: none"> — Bachelor of Science (Hons) (Physics), Monash University — Bachelor of Laws, Monash University — Registered Patent Attorney (Australia and New Zealand)

6.4. INTERESTS AND BENEFITS

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director, other than Leon Allen who is a Principal of DCC;
- person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of QANTM; or
- underwriter to the Offer or financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,

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

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

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

6.4.1. Interests of advisers

QANTM has engaged the following professional advisers:

- Bell Potter has acted as Underwriter and Joint Lead Manager to the Offer. QANTM has paid or agreed to pay the Underwriter the fees described in Section 9.6(a) for these services.
- Evans and Partners has acted as Joint Lead Manager to the Offer. Fees payable to Evans and Partners will be paid by the Underwriter out of the fees QANTM has paid or agreed to pay the Underwriter pursuant to the Underwriting Agreement as described in Section 9.6(a) for these services.
- MinterEllison has acted as Australian legal adviser to the Group in relation to the Offer (including the Restructure). The Group has paid, or agreed to pay, approximately \$1.05 million (excluding disbursements and GST) for these services up until the date of the Original Prospectus. Further amounts may be paid to MinterEllison in accordance with its normal time-based charges.
- Deloitte Corporate Finance Pty Limited has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to due diligence inquiries. The Group has paid, or agreed to pay, approximately \$770,000 (excluding disbursements and GST) for the above services up until the date of the Original Prospectus. Further amounts may be paid to Deloitte in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by QANTM out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.4.

6.4.2. Director interests and remuneration

6.4.2.1. Executive Director's remuneration and interests

The Company has entered into an employment agreement with Leon Allen to govern his employment with the Company as Managing Director of QANTM. Refer to Section 6.4.3 for further details.

Together with the other Existing Owners, Leon Allen has entered into an Irrevocable Offer Deed in favour of SaleCo under which he irrevocably offers until 10 business days after completion of the Restructure to sell his Sale Shares received under the Restructure to SaleCo. The Sale Shares which SaleCo will agree to acquire from him on its acceptance of the Irrevocable Offer Deed will be transferred to Applicants allocated Sale Shares under the Offer. The price payable for the Sale Shares will be the Offer Price.

The number of Shares which will be issued to Leon Allen post the Restructure and the number of Sale Shares sold as part of the Offer is set out in Section 6.4.2.7. At Completion of the Offer, Leon Allen will hold 2,037,227 Shares which will be subject to escrow arrangements as set out in Section 7.6.

The existing partners of DCC will have entitlements to repayment of loans and undistributed profit of the current partnership on Listing. Leon Allen is owed an amount of approximately \$900,000 from the DCC partnership.

6.4.2.2. Non-Executive Directors' remuneration

Under the Constitution, the total amount of fees paid to all Directors for their services (excluding for these purposes, the salary of an executive Director) must not exceed in aggregate \$850,000 in any financial year. Any change to this aggregate annual sum needs to be approved by Shareholders. The ASX Listing Rules require that the remuneration of executive directors must not include a commission on, or a percentage of, operating revenue.

Annual Director's fees to be paid by QANTM are \$200,000 to the Chairman, Richard England, and \$120,000 to each of the other Directors (excluding the Managing Director). The Managing Director, Leon Allen, will not receive any remuneration for being on the Board beyond his normal salary which is described in Section 6.4.3.

Fees have been paid or are payable by the Company to the Non-Executive Directors for their services provided in connection with the Offer of approximately \$146,000 for the period from 16 May 2016 up to Listing.

All Directors' fees are inclusive of applicable superannuation.

The Non-Executive Directors are not entitled to participate in any employee incentive scheme.

6.4.2.3 Director protection deeds

The Company, has entered into deeds of indemnity, access and insurance with each Director. While they are a Director and for a period of seven years from when they cease to be a Director, a Director may request that the Company make available any records that may be relevant, in the Director's reasonable opinion, to the performance of the Director's duties or to legal proceedings.

Under the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deeds of indemnity, access and insurance, the Company has agreed to use all reasonable endeavours to obtain and maintain such insurance during each Director's period of office and for the period of seven years after the Director ceases to be a Director.

SECTION 6 KEY PEOPLE, INTERESTS AND BENEFITS

The Company has also agreed to indemnify, to the extent permitted by law, each Director in respect of certain liabilities suffered or incurred by the Director as a Director or as a consequence of having been a Director. The deeds of indemnity, access and insurance stipulate that the Company will pay to the Director on demand the full amount of those liabilities, including legal costs and expenses.

6.4.2.4. Prospectus liability insurance

The Company intends to effect a policy of prospectus liability insurance. It is intended that the policy would insure the Company and all of its Directors and officers in respect of any claims that this document contains untrue or misleading statements or information or omissions and in respect of official investigations in relation to the Offer.

6.4.2.5. Payments in connection with Listing

As part of the Non-Executive Directors' initial remuneration, QANTM has also agreed to issue free bonus Shares to match, on a dollar for dollar basis up to \$150,000 for the Chairman and up to \$100,000 for the other Non-Executive Directors, the number of Shares issued to those Non-Executive Directors under the Offer.

The Non-Executive Directors have confirmed that they intend to acquire (or acquire through an associated entity) the following dollar value of Shares.

- Richard England – \$150,000;
- Abigail Cheadle – \$100,000;
- Sonia Petering – \$50,000; and
- Cameron Judson – \$50,000.

These NED Bonus Shares are included in Figure 6.1 below and will be subject to the voluntary escrow arrangements described in Section 7.6.

The issue of the NED Bonus Shares will occur only once and is being provided as part of remuneration for the services and responsibilities of those Non-Executive Directors before and during the IPO.

6.4.2.6. Other information about Directors' remuneration

Directors and the Chairman may also be reimbursed for expenses reasonably incurred in attending to the Company affairs. Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in his or her capacity as a Director of the Company or a subsidiary. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. The interests of Directors and senior management are set out in this Section 6.4.

6.4.2.7. Directors' shareholding

Directors are not required under the Constitution to hold any Shares. On Completion of the Offer, the number of Shares held by Directors are expected to be as set out in Figure 6.1.

FIGURE 6.1: DIRECTORS' SHAREHOLDINGS

Director	Shares held immediately prior to Completion of the Offer	Shares acquired/ (sold) in the Offer	Shares held on Completion of the Offer (number)	Shares held on Completion of the Offer (%)
Leon Allen	3,598,543	(1,561,316)	2,037,227	1.5%
Richard England	–	135,134	135,134	0.1%
Abigail Cheadle	–	90,090	90,090	0.1%
Sonia Petering	–	45,044	45,044	0.0%
Cameron Judson	–	45,044	45,044	0.0%

Final Directors' security holdings will be notified to the ASX on Listing. Directors may hold their interests in securities shown above directly, or indirectly through holdings by companies or trusts.

Refer to Section 6.4.2.5 for further details of the Non-Executive Directors' fees being paid in Shares.

6.4.3. Management's interests and remuneration

Managing Director and Principals

The Principals (including the Managing Director) associated with the Existing Owners have entered into individual contracts of employment with their respective Firms that are conditional on Listing. These contracts of employment establish:

- total compensation of \$250,000 per annum (including superannuation entitlements);
- a Principal may not terminate his or her employment prior to the third anniversary of the date he or she commences employment, however the Company may terminate the agreement earlier;
- a notice period of six months in relation to termination of the employment agreement where given by a Firm to an employee;
- a notice period of six months in relation to termination of the employment agreement where given by an employee to the relevant Firm, provided that the last day of employment cannot be before the third anniversary of the date the Principal commences employment;
- a right for the Company to terminate the contract of employment at any time without notice or payment in lieu if the Principal engages in fraud or other serious misconduct, commits a serious or persistent breach of any material provision of their contract of employment, disobeys a lawful and reasonable direction of the Company, is found guilty of any offence precluding or inhibiting the further performance of their duties or otherwise engages in any conduct which warrants the summary termination of the Principal's employment;
- restraint of trade provisions for a maximum of six months from the date the Principal ceases to perform normal duties (whether that be on the date the Principal's employment terminates or earlier because the Company has exercised a right under the contract of employment to require the Principal to perform only those duties determined by the Company, or no duties, during any notice period) which prevent each Principal from engaging in a business or activity, throughout Singapore and Australia, that is the same as, substantially similar to, or competitive with the business conducted by the Firms, being employed by or otherwise perform any work for any person or entity which was or is a client or customer of any of the Firms with whom the Principal had direct dealings in the 12 month period prior to termination of their employment, soliciting any clients or customers of, or employing or enticing any employee of, the Company. The enforceability of the restraints are subject to all usual legal requirements. The contracts of employment provide that, in some circumstances, a principal is to be paid during the restraint period;
- throughout and at all times after the termination of the Principal's employment, the Principal must not divulge, use (or attempt to use) or appropriate for the Principal's own use or for the use of others, except as the Company may authorise or direct in writing, any confidential information obtained by the Principal during their employment;
- 20 days paid annual leave and ten days special paid leave per year as well as other leave entitlements specified in each contract of employment. The Principal will accrue long service leave in accordance with applicable legislation; and
- each Principal will commence employment under their contract of employment with an entitlement to the period of long service leave set out in their employment agreement.

The Principals that are associated with Existing Owners will not be entitled to participate in any of the employee incentives outlined in Section 6.4.4 until the commencement of FY20.

Details of the escrow arrangements applicable to the Existing Owners are set out in Section 7.6.

Chief Financial Officer

Warren Howe, the chief financial officer, has entered into an employment agreement with the Company conditional on Listing and otherwise on terms and conditions which are similar to those set out above for the Principals, except in relation to the following:

- total compensation of \$300,000 per annum;
- long term incentive entitlements of up to 15% of his total compensation;
- 20 days' paid annual leave and five days special leave per year as well as other leave entitlements specified in his contract of employment;
- there is no restraint of trade provision; and
- a notice period of three months in relation to termination of his employment agreement.

6.4.4. Employee incentive arrangements

The Board believes that the adoption of employee incentive arrangements as part of the Company's overall remuneration framework is critical to the development of a high performance culture within the Company. Accordingly, to assist in the attraction, motivation and retention of management and employees, the Board plans to establish various incentive arrangements that will apply on Listing as set out in this Section 6.4.4. These arrangements have been developed having regard to the arrangements under which the Existing Owners associated with the Principals will continue to hold very significant equity interests in the Company during the escrow period.

SECTION 6 KEY PEOPLE, INTERESTS AND BENEFITS

The Board has determined that the remuneration packages of senior executives of the Company (other than the Managing Director and the Principals that are associated with the Existing Owners – see Section 6.4.3) should include cash-based short term incentives and/or equity-based long term incentives. Payment of cash under the short term incentives and the award of equity under long term incentives will be subject to the achievement of performance criteria or hurdles set by the Board.

The remuneration packages of senior executives are considered by the People, Remuneration and Culture Committee and approved by the Board. The remuneration of the executives will be reviewed annually by the People, Remuneration and Culture Committee.

6.4.4.1. Short term incentive plan

The Board has determined that the Company's current remuneration policy for certain key employees will include an annual incentive program (**STIP**).

Under the proposed STIP, participants have an opportunity to receive a cash incentive payment determined by the Board up to a cap of a percentage of their fixed annual remuneration each year, conditional on achievement of financial and non-financial performance criteria. The financial criteria will relate to the financial performance of the Company and the participant's performance against budget and the non-financial criteria will relate to achievement of team and personal key performance indicators.

The performance measures against which each participant's short term incentive is assessed and their relative weightings will be tailored to a participant's role and will be set by the Board each year. Certain minimum conditions set by the Board must be met to receive a payment. These gateway conditions for FY17 will include the Company achieving pro forma forecast NPATA.

The Board will prior to Listing finalise performance measures and gateway conditions in addition to the Company achieving pro forma forecast NPATA. An amount of \$0.5 million has been set aside for the FY17 STIP.

Participation in the STIP for FY17 does not give rise to any entitlement to participate in the arrangement for future years, any replacement arrangement or any other incentive plan which QANTM may have in place.

The Principals associated with the Existing Owners will not participate in the STIP during the initial three year term of their employment contracts referred to in Section 6.4.4.1, but it is expected that they will be eligible to participate in the STIP from the commencement of FY20.

6.4.4.2. Long term incentive plan

The Company proposes to adopt a long term incentive plan (**LTIP**) in order to assist in the motivation and retention of key employees. The LTIP is designed to align the interests of eligible employees more closely with the interests of Shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company.

Under the LTIP, eligible employees may be offered rights to Shares (**Performance Rights**) which may be subject to vesting conditions set by the Board, up to a limit calculated as a percentage of their fixed annual remuneration each year, conditional on achievement of stipulated performance criteria. The performance measures against which each participant's long term incentive is assessed and their relative weightings will be set by the Board each year.

Certain gateway conditions set by the Board must be met to receive a payment. These gateway conditions for FY17 will include the Company achieving pro forma forecast NPATA.

The Board will prior to Listing finalise performance measures and gateway conditions in addition to the Company achieving pro forma forecast NPATA. \$0.4 million worth of Performance Rights has been notionally allocated for the FY17 LTIP.

6.4.4.3. Board discretion bonus pool

In addition to the proposed STIP referred to in Section 6.4.4.1, the Board has established a discretionary bonus pool to enable the Board to make bonus payments to employees of the Company. The maximum aggregate amount that will be paid from this bonus pool in FY17 is \$0.2 million. Directors and the Principals associated with the Existing Owners are not eligible to participate in this bonus pool.

6.4.4.4. Retention arrangements for key employees

The Company has put in place retention arrangements to assist with the retention of certain senior employees of the Company that are not associated with the Existing Owners.

Prior to Listing, the Company will issue:

- 162,162 retention rights to 13 senior employees. Each retention right is capable of conversion into a fully paid Share after a two year vesting period. Vesting is not conditional on any performance conditions, only time and continued service.
- 99,094 Shares to 11 former partners now employed as consultants. No vesting conditions are applicable to these Shares.

- On 1 July 2017, the Company plans to issue 900,900 retention rights to four senior employees. Each retention right is capable of conversion into a Share. The rights will vest progressively over an eight year period commencing in 2018. Vesting is not conditional on any performance conditions, only time and continued service.

6.4.4.5. Employee Award Offer

As referred to in Section 7.10, the Company is making an Employee Award Offer under which Eligible Employees will be offered the opportunity to apply for Shares to the value of \$1,000 each for no consideration. Up to \$0.3 million worth of Shares will be issued under the Employee Award Offer.

6.4.4.6 Scheme

As referred to in Section 7.6, it is proposed that separate trusts be established by the Firms to fund the acquisition of Shares by selected employees under the Offer from pre Listing partnership profits, as part of the Firms' reward and retention policies.

6.5. CORPORATE GOVERNANCE

This Section 6.5 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance, having regard to the unique obligations of the Firms as registered patent and trade marks attorneys and as an incorporated legal practice. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

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

The Principals have always aspired to the highest ethical standards in the conduct of their businesses. They also ensured that all of the people engaged in each business complied with relevant codes of professional conduct. The Board has adopted a number of charters and policies in order to strengthen the governance of the Group in accordance with the ASX Recommendations appropriately adapted for the circumstances of the Company and its services business. The Board anticipates that those charters and policies will be further developed and refined as the Company and its management systems and capabilities develop in the years ahead. Copies of the Company's key policies and practices and the charters for the Board and each of its committees are available on the Company's website.

6.5.1. Board of Directors

The Board of Directors is comprised of the Non-Executive Chairman and three Non-Executive Directors, all of whom are independent, and the Managing Director. The Board comprises:

- Leon Allen (Managing Director);
- Richard England (Chairman);
- Abigail Cheadle (Non-Executive Director);
- Sonia Petering (Non-Executive Director); and
- Cameron Judson (Non-Executive Director).

Detailed biographies of the Board members are provided in Section 6.1.

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Director, without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgement.

SECTION 6 KEY PEOPLE, INTERESTS AND BENEFITS

The Board will consider the materiality of any given relationship on a case by case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board.

The Board Charter (see Section 6.5.2) sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

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

The Board considers that Richard England is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement and is able to fulfil the role of independent Non-Executive Director and Chairman for the purpose of the ASX Recommendations.

The Board considers that each of Abigail Cheadle, Sonia Petering and Cameron Judson is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director's judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Leon Allen is not considered to be independent as he is the Managing Director of the Company.

Accordingly, at Listing, the Board will consist of a majority of independent Directors and the Chairman will be an independent Director. The Board considers that each of the Non-Executive Directors brings an objective and independent judgement to the Board's deliberations and that each of the Non-Executive Directors makes a valuable contribution to the Company through the skills they bring to the Board and their understanding of the Company's business.

6.5.2. Board Charter

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

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

The Board is responsible for:

- overseeing the Group, including its control and accountability systems;
- appointing and removing the Managing Director;
- monitoring the performance of the Managing Director;
- where appropriate, ratifying the appointment and removal of senior executives;
- monitor senior Management's performance;
- approving organisational changes and the Company's remuneration framework;
- approving succession plans for Management;
- regularly reviewing senior executives' performance and implementation of strategy against measurable and qualitative indicators decided by the Board and ensuring that appropriate resources are available for that process;
- reporting to Shareholders;
- providing strategic advice to Management;
- approving Management's corporate strategy and performance objectives;
- approving operating budgets and major capital expenditure and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- overseeing the integrity of the Company's accounting and corporate reporting systems (including the external audit) and monitoring financial and other reporting;
- setting the risk appetite for the Company;
- confirming the Company has in place appropriate frameworks for risk management, internal compliance and control, legal and regulatory compliance and confirming that appropriate compliance frameworks and controls are in place within the risk appetite within which the Board expects management to operate;
- reviewing and overseeing the implementation of the code of conduct for Directors, senior executives and all other employees;
- approving charters of Board committees;

- referrals of matters to Board committees;
- ensuring that all relevant matters are included in the Board agenda;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- monitoring and procuring compliance with legal and regulatory requirements and ethical standards and policies; and
- monitoring and procuring compliance with best practice corporate governance requirements.

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

- appointment of the Chairman;
- appointment and removal of the Managing Director;
- identifying and recommending to the Board candidates for the Board;
- annually reviewing the performance and skills of both the Managing Director and the Board;
- establishment of Board committees, their membership and delegated authorities; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Managing Director as directed by the Board (and by officers to whom the management function is properly delegated by the Managing Director).

If the Chairman, or alternatively, two thirds of the Non-Executive Directors consent, the Company will pay the costs of a director seeking independent professional advice. Where the Chairman wishes to seek independent professional advice, the Company will pay the costs of the Chairman seeking independent professional advice where the Chairman of the Audit, Risk and Compliance Committee or alternatively two thirds of the Non-Executive Directors consent. Any consent may not be unreasonably withheld or delayed. Generally, this advice will be made available to all Directors, unless it is personal to the issues of a Director or a group of Directors and subject to maintaining any legal professional privilege that may exist in that advice.

6.5.3. Board committees

The Board may delegate responsibility to a committee to consider certain issues in further detail and then report back to and advise matters for consideration to committees for report and advice back to the Board. The Board has established an Audit, Risk and Compliance Committee and a People, Remuneration and Culture Committee. Other committees may be established by the Board.

6.5.4. Audit, Risk and Compliance Committee

Under its charter, the Audit, Risk and Compliance Committee must be comprised of at least three Directors, all being Non-Executive Directors and a majority of whom must be independent Directors. The chairperson must be an independent Director and may not be the Chairman.

All members of this committee must be financially literate and have familiarity with financial and accounting matters and at least one member must be a qualified accountant or other financial professional with appropriate expertise of financial and accounting matters.

Currently, Abigail Cheadle, Cameron Judson and Sonia Petering are members of the Audit, Risk and Compliance Committee. Abigail Cheadle will act as chair of this committee. Each of them is financially literate.

The primary role of the Audit, Risk and Compliance Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including:

- engaging in the oversight of the Company's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process;
- assessing the appropriateness and application of the Company's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- assessing any significant estimates or judgments contained in the Company's financial reports;
- reviewing all half-yearly and annual reports with management, advisers, and the external auditors and recommending the applicable accounts' adoption by the Board;
- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficacy of those systems;
- approving the terms of engagement with the external auditor at the beginning of each financial year;
- approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation; and
- meeting periodically with the external auditor and inviting them to attend committee meetings to assist the committee discharge its obligations.

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The Audit, Risk and Compliance Committee will review and assess the effectiveness and independence of the external auditor on a regular basis.

The Audit, Risk and Compliance Committee will report to the Board after each meeting about committee activities, issues and related recommendations that require Board attention or approval.

6.5.5. People, Remuneration and Culture Committee

Under its charter, the People, Remuneration and Culture Committee must be comprised of at least three Directors, all being Non-Executive Directors and a majority of whom must be independent Directors. The chairperson of this committee must be an independent Non-Executive Director.

Currently, Abigail Cheadle, Cameron Judson and Sonia Petering are members of the People, Remuneration and Culture Committee. Cameron Judson will act as chair of this committee.

The objective of the Committee is to help the Board fulfil its statutory, fiduciary and regulatory responsibilities and achieve its objectives that the Company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and Directors who will create value for Shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general external pay environment.

The People, Remuneration and Culture Committee is also responsible for:

- assessing applications from those aspiring to be a Principal of a Firm following nomination of a candidate by a Firm, as expressed by a 75% vote in favour of the candidacy by all the existing Principals of the relevant Firm;
- generally setting the cultural direction of the Firms and the Company; and
- supervising and prosecuting the Company's Diversity and Inclusion Policy.

The People, Remuneration and Culture Committee will regularly report to the Board about committee activities, issues and related recommendations that require Board attention or approval.

6.5.6. Conflicts of duties

In Australia, patent and trade marks attorneys (including the Group) are required to abide by a code of conduct that requires them to act in accordance with the law, in the best interests of their client, in the public interest and in the interests of the registered attorney's profession as a whole (**Professional Duties**). Similar duties exist in respect of patent attorneys in Singapore.

In Australia, the Group will also have a legal practice in addition to its patent, design and trade mark operations. As with every legal practice in Australia, the solicitors working in the legal practice of the Group have duties to the Court and duties to their clients (**Legal Duties**). These duties prevail over any duties owed to Shareholders.

Accordingly in discharging their Professional Duties and Legal Duties, there may be circumstances where the attorneys and solicitors of the Group are required to act contrary to other corporate responsibilities, against the interests of Shareholders and/or contrary to their clients' interests which may result in a loss of clients potentially adversely impacting the revenue of the Group.

The Group intends to put in place policies which ensure that all client matters are conducted by each Firm separately from the operations of the other Firm and set out the management of actual or potential conflicts of duties. Specifically to the extent there is an actual or potential conflict of duties, that conflict will be resolved as follows:

- in the case of patent and trade marks attorneys, their duty to act in accordance with the law is paramount, followed by their duty to act in the best interests of their clients; and
- in the case of solicitors, their duty to the Court is paramount, followed by their duty to act in the best interests of their clients,

and will prevail over all other duties (including the Group's other corporate responsibilities and duties to Shareholders).

6.5.7. Risk management policy

The identification and proper management of the Company's risks is an important priority of the Board. Under its charter the Board is responsible for overseeing and approving risk management strategy and policies for identifying major risk areas and monitoring risk management to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The development of a risk management policy appropriate for its business is a priority for the Board. As part of this policy the Company will implement a system whereby Management is required to report to the Board as to its adherence to policies and guidelines approved by the Board for the management of risks.

The Company will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the Managing Director or the Chief Financial Officer to provide the required declaration under section 295A of the Corporations Act.

6.5.8. Market disclosure protocol

Once listed on ASX, the Company will be required to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act. Subject to the exceptions contained in the Listing Rules, the Company will be required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. The Company is committed to observing its disclosure obligations under the Listing Rules and the Corporations Act.

The Company has adopted a market disclosure protocol to take effect from Listing which establishes procedures that are aimed at ensuring that Directors and management are aware of, and fulfil, their obligations in relation to the timely disclosure of material price-sensitive information.

Under the market disclosure protocol, the Market Disclosure Committee will be responsible for managing the Company's compliance with its continuous disclosure obligations. Continuous disclosure announcements will also be made available on the Company's website.

6.5.9. Share trading policy

The Company has adopted a share trading policy which will apply to the Company and its Directors, officers, employees and management, including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. This policy will apply to the Principals.

The policy is intended to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and establish procedures in relation to Directors, management or employees dealing in Shares.

The share trading policy defines certain 'trading windows' during which trading in Shares by Directors, officers and certain senior executives is permitted. Those trading windows are currently defined as during the one month period beginning at the close of trading on the day after the dates on which:

- the Company announces its half-yearly results to ASX;
- the Company announces its full year results to ASX;
- the Company holds its annual general meeting (assuming an update of the full year's results is given at the meeting); and
- any additional periods determined by the Board.

In all instances, buying or selling of Shares is not permitted at any time by any person who possesses price-sensitive information. A copy of this share trading policy will be available on the Company's website.

6.5.10. Diversity and Inclusion Policy

The Company values a strong and diverse workforce and is committed to developing measurable objectives of diversity and inclusion in its workplace. The Company has implemented a diversity policy, with meritocracy the guiding principle, which is overseen by the Board and which aligns the Company's management systems with the commitment to develop a culture that values and achieves diversity in its workforce and on the Board. In its annual report, the Company will disclose the measurable objectives for achieving diversity and progress towards achieving them and will also disclose the proportion of women in the whole organisation, women in senior executive positions and women on the Board.

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6.5.11. Code of conduct for Directors and senior executives

The Firms have been committed to maintaining the highest ethical standards in the conduct of their business activities. The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of conduct, to take effect from Listing, to be followed by Directors, Management and senior executives, including the Principals.

The key aspects of this Code are to:

- articulate the high standards of honest integrity, ethical and law abiding behaviour expected of Directors, Management and senior executives;
- encourage the observance of those standards to protect and promote the interests of Shareholders and other stakeholders (including employees, customers, suppliers and creditors);
- guide Directors, Management and senior executives as to the practices thought necessary to maintain confidence in the Company's integrity;
- set out the responsibility and accountability of Directors, Management and senior executives to report and investigate any reported violations of the Code of Conduct or unethical or unlawful behaviour;
- set out the Company's strict policy on upholding and complying with all laws against bribery, corruption and related conduct in all the jurisdictions in which the Company operates; and
- establish whistleblower protection to encourage reporting of actual or suspected unethical behaviour.

6.5.12. Communications with Shareholders

The Board's aim is to provide Shareholders with sufficient information to assess the performance of the Company and to inform them of major developments affecting the state of affairs of the Company relevant to Shareholders in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and publishing information on the Company's website.

In particular, the Company's website will contain information about it, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements made to the market and any other relevant information will be posted on the Company's website as soon as they have been released to ASX.

6.5.13. Related party transactions

None applicable.

DETAILS OF THE OFFER



SECTION 7 DETAILS OF THE OFFER

7.1. DESCRIPTION OF THE OFFER

This Prospectus relates to an offer of up to 66.5 million Shares, comprising the issue of 14.3 million New Shares by the Company and the sale of 52.2 million Sale Shares by SaleCo. The total number of Shares on issue at the Completion of this Offer, assuming all Eligible Employees take up their full entitlements under the Employee Award Offer, will be 132.9 million. 66.5 million of these Shares will be held by the Existing Owners and subject to voluntary escrow agreements described in Section 7.6. A maximum of 1.65 million Shares may be allocated to selected employees under the Scheme which will also be subject to escrow restrictions for two years from Listing. All Shares will rank equally with each other.

The Offer (other than the Employee Award Offer) has been fully underwritten by the Underwriter. A summary of the Underwriting Agreement, including the events which would entitle the Underwriter to terminate the Underwriting Agreement, is set out in Section 9.6(a).

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2. SALECO STRUCTURE

Existing Owners have irrevocably offered to sell their Sale Shares resulting from the Restructure to SaleCo free from encumbrances and third party rights and undertaken to deliver the Sale Shares to or as directed by SaleCo on Completion of the Offer subject only to:

- payment of the consideration due to them; and
- the receipt by SaleCo of proper instruments of transfer of and any documents of title to, the Sale Shares.

The proceeds of the Offer are expected to be \$146.7 million (comprising \$30.8 million from the issue of New Shares in the Company and \$115.8 million for the sale of Sale Shares by SaleCo).

7.3. STRUCTURE OF THE OFFER

The Offer is subject to the Restructure occurring and comprises:

- the Retail Offer consisting of the:
 - Broker Firm Offer, which is only open to Australian resident investors who are not Institutional Investors and who have received a firm allocation of Shares from a Broker; and
 - Employee Award Offer, which is only open to Eligible Employees nominated by the Company; and
- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia, New Zealand and certain overseas jurisdictions.

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

The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Underwriter in consultation with the Company, having regard to the allocation policy described in Section 7.9.3 and Section 7.11.2.

The Shares offered under the Employee Award Offer are New Shares and are sufficient to meet all applications made under the Employee Award Offer. Such applications will not impact the allocation of Shares under the Broker Firm Offer and the Institutional Offer.

7.4. PURPOSE OF THE OFFER AND USE OF PROCEEDS

The purpose of the Offer is to:

- provide the Company with increased financial flexibility and the ability to execute its growth strategies through improved access to capital markets;
- achieve a listing on the ASX to broaden the Company's shareholder base and provide a liquid market for its Shares;
- provide an opportunity for Existing Owners to partially monetise their investment;
- take advantage of regulatory reforms which allow for the corporatisation of patent attorney practices; and
- provide an improved capacity to attract and retain quality staff through short and long term employee incentives.

The Offer is expected to raise approximately \$146.7 million. Figure 7.1 sets out in detail the use of the proceeds raised from the Offer.

FIGURE 7.1: SOURCES AND USES OF PROCEEDS

Sources of proceeds	A\$(m)	%	Uses of proceeds	A\$(m)	%
Cash proceeds from the sale of Shares by Existing Owners	115.8	71.8%	Payments of proceeds to Existing Owners	115.8	71.8%
Cash proceeds received from the issue of New Shares by QANTM	30.8	19.1%	Repayment of Existing Owners' loans and distributions	25.9	16.1%
Drawdown of the New Banking Facilities	14.6	9.1%	Repayment of existing bank facilities	11.2	6.9%
Total sources	161.3	100%	Costs of the Offer	8.3	5.2%
			Total uses	161.3	100%

7.5. SHAREHOLDERS

The details of the expected ownership of the Shares at the Completion of the Offer are shown in Figure 7.2.

FIGURE 7.2: SHAREHOLDERS

	Immediately prior to the Offer		At Completion of the Offer	
	Shares (m)	%	Shares (m)	%
Existing Owners	118.6	100.0%	66.5	50.0%
Directors, Management and employees (excluding Existing Owners)	–	0.0%	2.2	1.6%
Other new Shareholders	–	0.0%	64.3	48.4%
Total	118.6	100.0%	132.9	100.0%

Note: Totals may differ due to rounding

None of the Existing Owners will hold or have voting power in 5% or more of the Shares on the Completion of the Offer. The Directors do not expect any Shareholder to control the Company on the Completion of the Offer.

7.6. ESCROW ARRANGEMENTS

ASX has advised the Company that none of the Shares that will be held by the Existing Owners on Listing will be classified as restricted securities by ASX and accordingly they will not be subject to mandatory escrow.

However, each of the Existing Owners have agreed to continue to hold their remaining Shares after Listing under voluntary escrow agreements. Under these agreements the Existing Owners have undertaken not to dispose of any interest in or to grant any security over any of the Shares held by them during the Escrow Period.

The purpose of the voluntary escrow arrangements is to align the interests of the Existing Owners with those of new Shareholders and to promote an orderly market for the Shares by preventing any further sell-down of Shares by the Existing Owners during the Escrow Period.

These restrictions will terminate on the second anniversary of the Listing Date.

The NED Bonus Shares are also subject to the same voluntary escrow restrictions until the release of the Company's FY17 results.

During the Escrow Period, the Existing Owners or the Non-Executive Directors in respect of their NED Bonus Shares, may 'deal' with their existing Shares if the dealing arises in connection with, among other things:

- acceptance of a bona fide takeover offer for all of the Shares on issue made under Chapter 6 of the Corporations Act, provided the holders of at least half of the non-escrowed Shares have accepted the takeover offer and the restricted Shares continue to be restricted if the relevant bid does not become unconditional or does not otherwise proceed;
- the transfer or cancellation of Shares as part of a scheme of arrangement relating to the Company under Part 5.1 of the Corporations Act, provided the restricted Shares continue to be restricted if the relevant scheme does not take effect;
- a transfer of Shares to an immediate family member, a company owned by the Existing Owner or Non-Executive Director (as the case maybe) or an immediate family member or a trust of which the Existing Owner or Non-Executive Director (as the case maybe) or an immediate family member is the beneficiary subject to the continuation of the escrow arrangements for the Escrow Period;

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- an equal access buy back or capital return or reduction in accordance with the Corporations Act;
- the death or incapacity of the relevant Existing Owner or Non-Executive Director (as the case maybe); or
- a dealing required by applicable law (including an order of a Court of competent jurisdiction).

For the purposes of the voluntary escrow arrangements, 'dealing' is broadly defined and means to directly or indirectly:

- dispose of, or agree or offer to dispose of, a restricted security or any legal, beneficial or economic interest in a restricted security;
- create, or agree to create, any security interest in a restricted security or any legal, beneficial or economic interest in that restricted security; or
- do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of that restricted security or any legal, beneficial or economic interest in that restricted security,

but does not include or restrict the exercise of any voting rights for the restricted securities.

It is also proposed that separate trusts be established by the Firms to fund the acquisition of Shares by selected employees under the Offer, as part of the Firms' reward and retention policies (**Scheme**). The maximum number of Shares which may be allocated to employees according to this Scheme is 1.65 million. The Shares acquired by selected employees under the Scheme will also be subject to a two year escrow period from Listing on the same terms as set out above in respect of Escrowed Shares held by the Existing Owners or Non-Executive Directors.

7.7. CORPORATE, FINANCIAL AND OTHER INFORMATION ABOUT QANTM

Details of the Company's formation, registration and tax status, along with information regarding the Group's corporate structure and the acquisitions from the Principal or their associates, are set out at Section 9.

The Company's pro forma balance sheet as at 29 February 2016, including details of the pro forma adjustments, is set out in Section 5.

The Company's capitalisation and indebtedness as at 29 February 2016, before and following Completion of the Offer, is set out in Section 5.11.

The Company believes that, on Completion of the Offer, the Company will have sufficient working capital available to carry out its stated business objectives.

7.8. TERMS AND CONDITIONS OF THE OFFER

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in QANTM).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to these, is set out in Section 7.16 below.
What is the consideration payable for each security being offered?	The Offer Price is \$2.22 per Share. Successful applicants under the Offer will pay the Offer Price per Share.
What is the Offer period?	The key dates, including details of the Offer period, are set out in the key offer information at the front of this Prospectus. No securities will be issued on the basis of this Prospectus later than the Expiry Date of 29 August 2017.
What are the cash proceeds to be raised?	A total of \$146.7 million is expected to be raised by SaleCo and QANTM.

Topic	Summary
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Underwriter in consultation with the Company, having regard to the allocation policy outlined in Sections 7.9.3 and 7.11.2.</p> <p>With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among eligible retail clients. The trusts established by the Company to acquire Shares on behalf of selected employees under the Scheme described in Sections 6.4.4.6 and 7.6 will have priority in the Broker Firm Offer. For further information on the Broker Firm Offer, refer to Section 7.9.</p> <p>The allocation of Shares among applicants in the Institutional Offer will be determined by the Lead Manager with the agreement of the Company. For further information on the Institutional Offer, refer to Section 7.11.</p> <p>With respect to the Employee Award Offer, all Eligible Employees will be offered the opportunity to apply for 450 Shares each for no consideration. For further information on the Employee Award Offer, refer to Section 7.10.</p>
When will I receive confirmation whether my application has been successful?	<p>It is expected that initial holding statements will be mailed by standard post on or about Monday, 29 August 2016.</p> <p>Refunds (without interest) to Applicants who make an application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after settlement of the Offer.</p>
Will the Shares be quoted?	<p>The Company applied within seven days of the Original Prospectus lodgement date for admission to the official list and quotation of the Shares on ASX under the code 'QIP'.</p> <p>Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates.</p> <p>The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p>
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on ASX will commence on or about Wednesday, 31 August 2016.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> <p>The Company and the Underwriter disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the QANTM Offer Information Line, by a Broker or otherwise.</p>
Is the Offer underwritten?	<p>Yes. The Underwriter has fully underwritten the Offer (other than the Employee Award Offer). Details are provided in Section 9.6(a).</p>
Are there any escrow arrangements?	<p>Yes. Details are provided in Section 7.6.</p>
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.</p> <p>See Section 9.6(a) for details of various fees payable by the Company to the Underwriter.</p>

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Topic	Summary
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the QANTM Offer Information Line on 1300 638 215 (within Australia) or +61 03 9415 4024 (outside Australia) from 9.00am until 5.00pm (Melbourne time) Monday to Friday during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

7.9. BROKER FIRM OFFER

Topic	Summary
Who can apply in the Broker Firm Offer?	<p>Australian resident investors who are not Institutional Investors and who have received a firm allocation from a Broker.</p> <p>The trusts established by the Company to acquire Shares on behalf of selected employees under the Scheme described in Sections 6.4.4.6 and 7.6 will acquire Shares in the Broker Firm Offer.</p> <p>Investors should contact the Broker that offered them their firm allocation to determine whether they have been allocated Shares under the Broker Firm Offer.</p>
How to apply for Shares in the Broker Firm Offer?	<p>Complete the Application Form accompanying this Prospectus. Contact your Broker for further instructions.</p> <p>Broker Firm Offer Applicants must lodge their Application Form and Application Monies with the Broker that offered them their firm allocation in accordance with that Broker's directions.</p>
What is the minimum and maximum Application amount?	<p>The minimum Application amount is \$2,000.</p> <p>There is no maximum Application amount.</p>
What is the Offer Period?	<p>The Broker Firm Offer is expected to:</p> <ul style="list-style-type: none"> — open at 9.00am (Melbourne time) on Monday, 8 August 2016; and — close at 5.00pm (Melbourne time) on Friday, 19 August 2016. <p>Your Broker may impose an earlier closing date. Please contact your Broker for instructions.</p>
Can I apply for Shares prior to the opening of the Broker Firm Offer?	Your Broker may elect to receive your Applications prior to the opening of the Broker Firm Offer during the Exposure Period. However, Applications received during the Exposure Period will not be processed until the opening of the Broker Firm Offer. No preference will be conferred on Applications received during the Exposure Period.
What is the Exposure Period?	<p>The seven day period after the date of lodgement of this Prospectus allowing for the Prospectus to be examined by market participants prior to the raising of funds.</p> <p>This period may be extended by ASIC by up to a further seven days.</p>
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Broker Firm Offer.
How can I obtain a copy of this Prospectus and Application Form?	By downloading a Prospectus and Application Form from www.qantminvestors.com or by requesting a Prospectus by contacting the QANTM Offer Information Line on 1300 638 215 (within Australia) or +61 03 9415 4024 (outside Australia) from 9.00am until 5.00pm (Melbourne time) Monday to Friday during the Offer Period.

7.9.1. Application Monies

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from the Broker that offered them the firm allocation.

Application Monies received under the Offer will be held on trust in a special purpose account until Shares are issued to successful Applicants. Applicants under the Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account to cover your Application Monies. If the amount of Application Monies is less than the amount specified on the Application Form, you may (unless your Broker advises otherwise) be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

7.9.2. Acceptance of Applications

An Application in the Broker Firm Offer is an offer by the Applicant to the Company to acquire Shares, for all or any of the Application Amount specified in and accompanying the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, the offer by an Applicant is irrevocable.

An Application may be accepted by the Company and the Underwriter in respect of the full amount, or any lower amount than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application in full or in part will give rise to a binding contract.

The Underwriter and the Company reserve the right to reject any Application under the Offer. All dates are subject to change and are indicative only. The Company and the Underwriter have the right to vary these dates, without prior notice, including the right to close the Offer early or to withdraw the Offer and to accept late Applications (either generally or in particular cases). Applicants are encouraged to submit their Application Forms as early as possible.

7.9.3. Allocation policy under Broker Firm Offer

The allocation of firm stock to Brokers will be determined by the Underwriter in consultation with the Company. The trusts established by the Company to acquire Shares on behalf of selected employees under the Scheme described in Sections 6.4.4.6 and 7.6 will have a priority allocation in the Broker Firm Offer. Applications relating to firm stock allocated to Brokers for allocation to their Australian resident Broker clients will not be scaled back by the Company (subject to the right of the Company and the Underwriter to reject Applications which are for more than \$250,000 worth of Shares, or which are from persons whom they believe may be Institutional Investors). It will be a matter for the Brokers as to how they make firm allocations among their Broker clients and they (and not the Company and the Underwriter) will be responsible for ensuring that Broker clients who have received a firm allocation from them receive the relevant Shares. The Underwriter will be instructed by the Company to allocate firm stock to certain participants in the Broker Firm Offer.

7.9.4. Announcement of allocation policy under Broker Firm Offer

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible in the form of an initial holding statement. Initial holding statements are expected to be completely dispatched on or around Tuesday, 30 August 2016.

Broker Firm Offer Applicants wishing to find out their Allocation prior to receiving an initial holding statement should contact their Broker. However, if you are an Applicant in the Broker Firm Offer and sell Shares before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from your Broker.

Shares are expected to commence trading on ASX on a normal settlement basis on or about Wednesday, 31 August 2016.

7.10. EMPLOYEE AWARD OFFER

All Eligible Employees are entitled to participate in the Employee Award Offer. Eligible Employees are:

- permanent full time and permanent part-time employees of the Group;
- employees who have not received or given notice of termination of their employment on or before the date of issue and allotment of the Shares under the Offer; and
- employees who are not eligible to participate in the LTIP or the retention arrangements described in Sections 6.4.4.2 and 6.4.4.4.

For the avoidance of doubt, a person is an Eligible Employee only if he or she satisfies all of the conditions set out above.

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Eligible Employees will be offered the opportunity to apply for Shares to the value of \$1,000 each, for no consideration payable, subject to a total allocation to Eligible Employees of 132,300 Shares. The Employee Award Offer is funded by the Company and the costs of the Employee Award Offer have been taken into account in the financial information presented in Section 5.

A written offer, together with access to this Prospectus, will be provided to Eligible Employees, detailing the terms of the Employee Award Offer and the timetable applicable (which is the same as the timetable applicable to the Broker Firm Offer). Eligible Employees should read the written offer and this Prospectus carefully and in its entirety, before deciding whether to apply for Shares under the Employee Award Offer (including the summary of the Australian tax issues relating to tax resident Shareholders who acquire Shares under the Employee Award Offer set out in the separate offer letter). If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, tax adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

7.11. INSTITUTIONAL OFFER

7.11.1. Invitations to bid

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

7.11.2. Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer is determined by the Underwriter in consultation with the Company. The Underwriter, in consultation with the Company, will have absolute discretion regarding the basis of allocation of Shares among Institutional Investors and there is no assurance that any Institutional Investor will be allocated any Shares, or the number of Shares for which it has bid. The allocation policy will be influenced by the following factors:

- number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- desire for an informed and active trading market following listing on ASX;
- desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer and the Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term shareholders; and
- any other factors that the Company and the Underwriter considered appropriate.

7.12. UNDERWRITING AGREEMENT

The Offer (other than the Employee Award Offer) is fully underwritten. The Underwriter, the Company and SaleCo have entered into the Underwriting Agreement under which the Underwriter has been appointed as arranger, manager and underwriter to the Offer. The Underwriter agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer (other than the Employee Award Offer). The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Underwriter may terminate the agreement and the underwriting obligations. A summary of certain terms of the Underwriting Agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.6(a).

7.13. DISCRETION REGARDING THE OFFER

The Company may withdraw the Offer at any time before the issue of Shares to successful applicants under the Broker Firm Offer, the Employee Award Offer and the Institutional Offer respectively. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.

The Company and the Underwriter also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

7.14. SELLING RESTRICTIONS

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

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 Offer and the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the US and may not be offered or sold in the US or to, or for the account or benefit of, US Persons, except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and any other applicable securities laws.

This Prospectus may not be distributed in the United States and may only be distributed to persons to whom the Offer may be lawfully made in accordance with the laws of any applicable jurisdiction.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the US and may not be offered, sold or resold in the US, or to or for the account or benefit of US Persons, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- it is not in the US or a US Person, and is not acting for the account or benefit of a US Person;
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the US or to any person that is, or is acting for the account or benefit of, a US Person; and
- it will not offer or sell the Shares in the US or to, or for the account or benefit of, any US Person or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered or sold.

7.15. ASX LISTING, REGISTERS AND HOLDING STATEMENTS

7.15.1. Application to ASX for listing and quotation of Shares

Application for admission of the Company to the official list of ASX and quotation of the Shares on ASX will be made to ASX no later than seven days after the date of this Prospectus. The ASX code will be QIP.

If the Company does not make such an application within seven days after the date of this Prospectus, or the Company is not admitted to the official list of ASX within three months of the date of this Prospectus (or any longer period permitted by law), the Offer will be cancelled and all Application Monies will be refunded (without interest).

The fact that ASX may admit the Company to the official list is not to be taken as an indication of the merits of QANTM or the Shares offered for subscription. Trading of Shares on ASX, if admission to the official list is granted, is expected to commence on or about Wednesday, 31 August 2016.

Subject to certain conditions (including any waivers obtained by the Company), the Company will be required to comply with the ASX Listing Rules.

7.15.2. CHESS and issuer sponsored holdings

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

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, an electronic CHESS subregister or an issuer sponsored subregister. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

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

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7.16. SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO THE SHARES AND OTHER MATERIAL PROVISIONS OF THE CONSTITUTION

Introduction

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

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

7.16.1. Voting at a general meeting

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

7.16.2. Meetings of members

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

7.16.3. Dividends

The Board may resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment. For further information in respect of the Company's proposed dividend policy, see Section 5.15.

7.16.4. Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

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

7.16.5. Issue of further shares

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

7.16.6. Winding up

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

7.16.7. Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares (unless the Shareholder has notified the Company in writing before a specified date that they wish to retain their Shares).

7.16.8. Share buy-backs

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

7.16.9 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares in the Company may be varied or cancelled:

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

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

7.16.10. Conflicts

The Company and the Directors must procure that, where possible, the Company fulfils its duty to the Shareholders. As the parent company of a number of subsidiaries, it is recognised that the duties of those subsidiaries to the Company (as a Shareholder) are subordinate to the duties of those subsidiary companies to: first, the Court and, secondly their clients.

7.16.11. Dividend reinvestment plan

The Directors may, on any terms and at their discretion, establish a dividend reinvestment plan (under which any member may elect that the dividends payable by the Company be reinvested by acquiring by way of issue or transfer Shares or other securities).

7.16.12. Directors – appointment and rotation

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

7.16.13. Directors – voting

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

7.16.14. Directors – remuneration

The Directors, other than an executive Director (of which there is one, the Managing Director, Leon Allen, as at the Prospectus Date), will be paid by way of fees for services up to the maximum aggregate sum of \$850,000 per annum or such other amount as may be approved by the Company in general meeting. The initial remuneration of the Directors is set out in Section 6.4.2. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying on their duties.

7.16.15. Indemnities

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

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

7.16.16. Inspection of records

Except as otherwise required by the Corporations Act, the Directors may determine whether and to what extent, and at what times and places and under what conditions, the financial records and other documents of the Company or any of them will be open for inspection by Shareholders other than Directors.

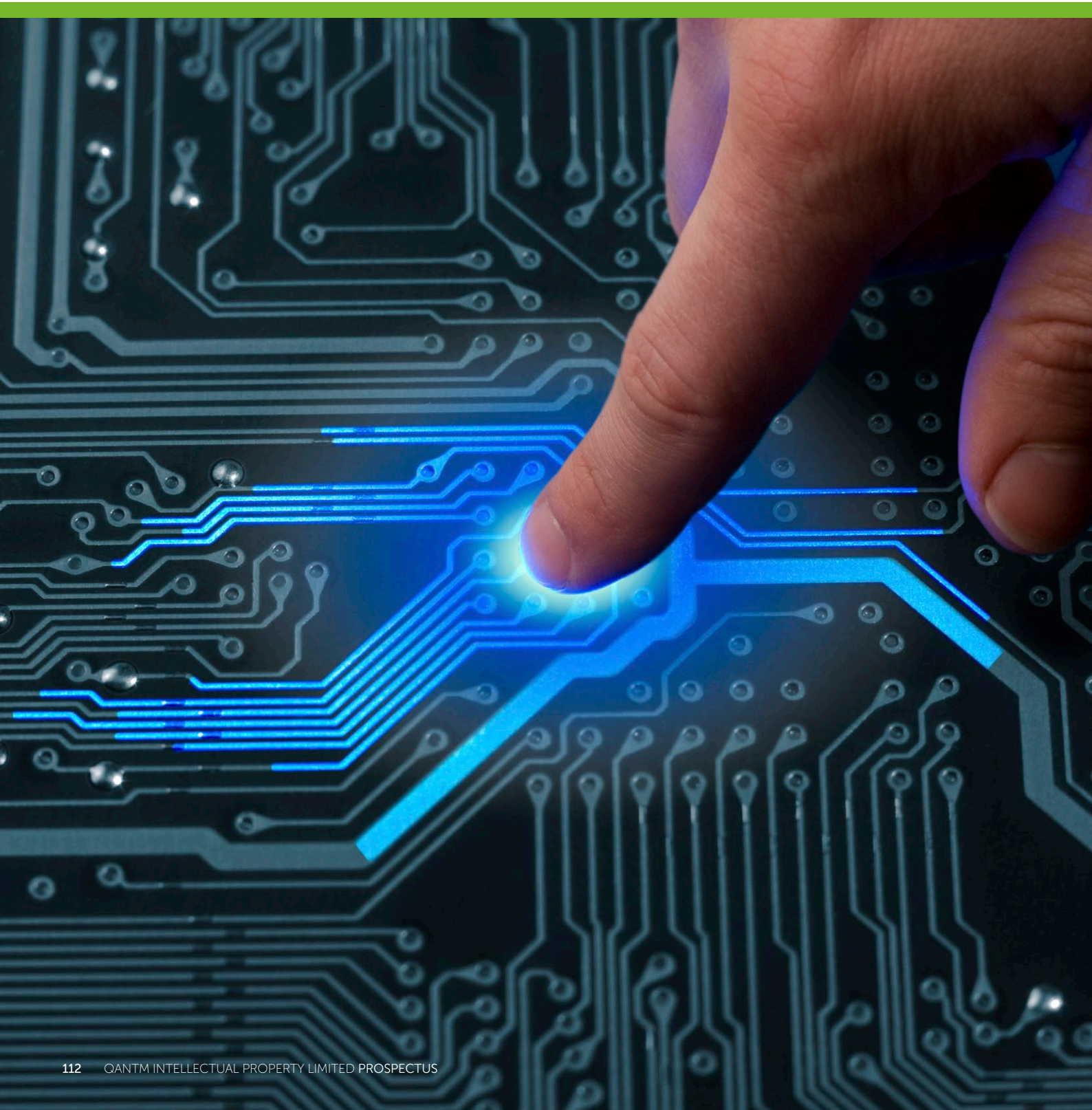
A Shareholder other than a Director does not have the right to inspect any financial records or other documents of the Company unless the Shareholder is authorised to do so by a Court order or a resolution of the Directors.

7.16.17 Amendment

The Constitution may be amended only by special resolution passed by at least three-quarters of the Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company. The Company must give at least 28 days written notice of a general meeting of the Company.

8

INVESTIGATING ACCOUNTANT'S REPORT





The Directors
QANTM Intellectual Property
Limited
1 Nicholson Street
Melbourne VIC 3000

The Directors
QANTM SaleCo Limited
1 Nicholson Street
MELBOURNE VIC 3000

29 July 2016

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of QANTM Intellectual Property Limited (the Company) and QANTM SaleCo Limited (SaleCo) (the Directors) for inclusion in the prospectus (the Prospectus) to be issued by the Company and SaleCo in respect of the initial public offering of fully paid ordinary shares in the Company (the Offer) and listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001(Cth) for the issue of this report. References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review:

- the Pro forma Historical Consolidated Income Statements of the Company for the years ended 30 June 2014, 30 June 2015 and for the 8 months ended 28 February 2016, which are included in Figure 5.1 and 5.10 of the Prospectus;
- the Pro forma Historical Consolidated Balance Sheet of the Company as at 29 February 2016 which is included in Figure 5.4 of the Prospectus; and
- the Pro forma Historical Consolidated Cash Flow Statements of the Company for the years ended 30 June 2014, 30 June 2015 which are included in Figure 5.5 of the Prospectus;

(together the Pro forma Historical Financial Information).

The Pro forma Historical Financial Information has been derived from:

- the audited consolidated financial statements of the partnership of DCC for the year ended 30 June 2015 (including comparative information for the year ended 30 June 2014);
- the audited financial statements of the partnership of FPA Patent Attorneys for the year ended 30 June 2015 and the unaudited consolidated financial statements for the year ended 30 June 2014;
- the reviewed financial statements of the partnerships of DCC and FPA Patent Attorneys for the 8 months ended 29 February 2016 (collectively the Historical Financial Information); and
- the pro forma adjustments applied to the Historical Financial Information to illustrate the effects of events and transactions related to the Offer on the Company as described in Section 5.2.1 of the Prospectus.

The historical financial information of DCC has been extracted from the financial reports of DCC for the year ended 30 June 2015 (including comparative information for the year ended 30 June 2014), which was audited by ShineWing Australia in accordance with the Australian Auditing Standards. ShineWing Australia issued an unmodified audit opinion on the financial report.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited

Deloitte Corporate Finance Pty Limited
ACN 003 833 127
AFSL 241457

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7700
www.deloitte.com.au



The historical financial information of FPA Patent Attorneys has been extracted from the financial report of FPA Patent Attorneys for the year ended 30 June 2015, which was audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unqualified audit opinion on the financial report.

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

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 5.2.1 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, or cash flows.

The Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review:

- The Statutory forecast Statement of Financial Performance and the forecast Statement of Cash Flows of the Company for the years ending 30 June 2016 and 30 June 2017 as set out in Figures 5.1 and 5.5 of the Prospectus (the Statutory Forecasts). The director's assumptions underlying the Statutory Forecast are described in Section 5.9 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecasts is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies;
- the pro forma forecast Statement of Financial Performance and the pro forma forecast Statement of Cash Flows of the Company for the years ending 30 June 2016 and 30 June 2017 as set out in Figures 5.1 and 5.5 of the Prospectus (the Pro forma Forecasts). The Pro forma Forecasts have been derived from the Statutory Forecasts, after adjusting for the effects of the pro forma transactions and/or adjustments described in Section 5.2.1 of the Prospectus (the Pro forma Adjustments). An audit/review has not been conducted on the source from which the unadjusted financial information was prepared. The stated basis of preparation used in the preparation of the Pro forma Forecasts is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecasts and the event(s) or transaction(s) to which the Pro forma Adjustments relate, as if those event(s) or transaction(s) had occurred as at 1 July 2015. Due to its nature the Pro forma Forecasts do not represent the Company's actual prospective financial performance and cash flows for the years ending 30 June 2016 and 30 June 2017.

(together the Forecast Financial Information).

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the years ending 30 June 2016 and 30 June 2017. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

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

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in Sections 4 and 5.10 of the Prospectus. The sensitivity analysis set out in Section 5.10 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

Deloitte.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the assumptions underlying the Forecast Financial Information and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

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

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

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Pro forma Historical Financial Information

- consideration and review of work papers, accounting records and other documents, including those dealing with the extraction of Historical Financial Information of the Company from its audited financial statements for the years ended 30 June 2014 and 30 June 2015 and the eight month period ended 29 February 2016;
- consideration of the appropriateness of Pro forma Adjustments described in Section 5.2.1 of the Prospectus;
- enquiry of Directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the Company and its auditors; and
- a review of the accounting policies adopted and used by the Company over the period for consistency of application.

The Forecast Financial Information

- enquiries, including discussions with management and Directors of the factors considered in determining the assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecasts;
- review of the accounting policies adopted and used in the preparation of the Forecasts; and
- consideration of the Pro forma Adjustments applied to the Statutory Forecasts in preparing the Pro forma Forecasts.



Conclusions

Pro forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information is not presented fairly in all material respects, on the basis of the pro forma adjustments described in Section 5.2.1 of the Prospectus.

Statutory Forecast Financial Information

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

- (i) the Directors' assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;
- (ii) in all material respects, the Statutory Forecast Financial Information:
 - a. is not prepared on the basis of the Directors' assumptions as described in Section 5.9 of the Prospectus;
 - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards ; and
- (iii) the Statutory Forecast Financial Information itself is unreasonable.

Pro forma Forecast Financial Information

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

- (i) the Directors' assumptions used in the preparation of the Pro forma Forecast Financial Information do not provide reasonable grounds for the Pro forma Forecast Financial Information;
- (ii) in all material respects, the Pro forma Forecast Financial Information:
 - a. is not prepared on the basis of the Directors' assumptions as described in Section 5.9 of the Prospectus;
 - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards, applied to the Statutory Forecast Financial Information and the Pro forma Adjustments as if those adjustments had occurred as at 1 July 2015; and
- (iii) the Pro forma Forecast Financial Information itself is unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 5.2 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

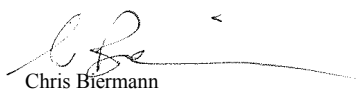
Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.


Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Yours faithfully

Deloitte Corporate Finance Pty Limited


Chris Biermann
Authorised Representative of
Deloitte Corporate Finance Pty limited
(AFSL Number 241457)
AR Number 466792


Steve Shirliff
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR Number 461013



Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (DCF), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their

directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu. We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Fax: +61 2 9255 8434

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
info@fos.org.au
www.fos.org.au
Tel: 1300 780 808
Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

July 2014

Deloitte Corporate Finance Pty Limited, ABN 19 003 883 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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Member of Deloitte Touche Tohmatsu Limited

ADDITIONAL INFORMATION



9.1. REGISTRATION

The Company was incorporated in Victoria, Australia on 17 May 2016 as a public company limited by shares.

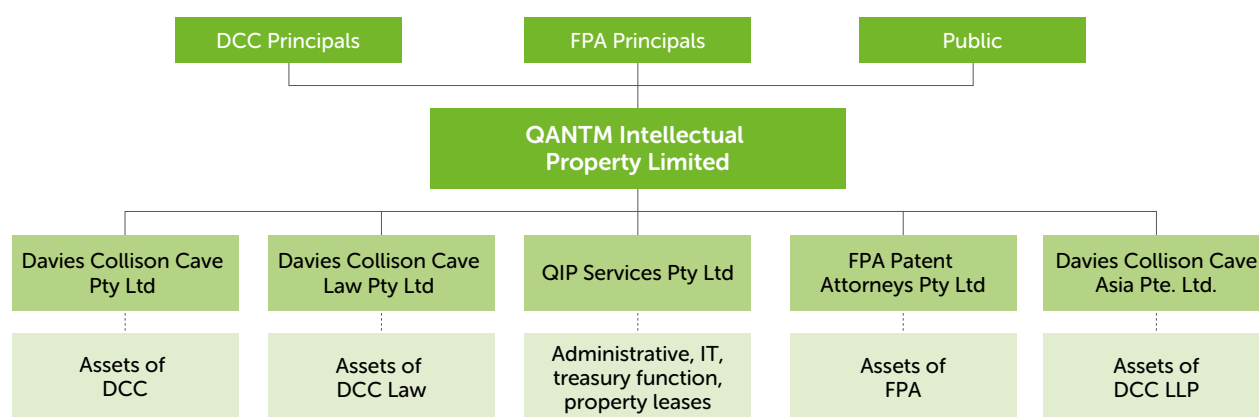
9.2. TAX STATUS AND FINANCIAL YEAR

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

9.3. CORPORATE STRUCTURE

The following diagram shows the corporate structure of the Group on Completion of the Offer. Refer to Section 9.4 for an explanation of the Restructure which will occur prior to the Listing Date (the effect of which is reflected in the diagram below).

FIGURE 9.1: SUMMARY OF GROUP STRUCTURE



Source: DCC and FPA management

9.4. RESTRUCTURE

Both DCC and FPA have historically operated as partnerships. Given these structures, it is necessary to restructure the DCC and FPA businesses immediately prior to Listing (**Restructure**). The Restructure will be conditional on meeting all other requirements for Listing (other than the Restructure itself). The Restructure elements are set out below.

A restructure of DCC immediately before Listing involving:

- the Davies Collison Cave Patent and Trade Mark Attorneys partners (**DCC Partners**) will transfer their interest in the assets of the partnership carried on by Davies Collison Cave Patent and Trade Mark Attorneys to Davies Collison Cave Pty Ltd, a newly incorporated entity. The DCC Partners will receive a certain number of shares in Davies Collison Cave Pty Ltd as consideration for the transfer of their interests in the assets of the Davies Collison Cave Patent and Trade Mark Attorneys business;
- the partners in DCC's law and litigation practice which operates as a separate legal partnership (with the same beneficial ownership as the Davies Collison Cave Patent and Trade Mark Attorneys partnership) will transfer the assets of DCC's law and litigation business to Davies Collison Cave Law Pty Ltd, a newly incorporated entity. The partners of DCC's law and litigation practice will receive a certain number of shares in Davies Collison Cave Law Pty Ltd as consideration for the transfer (which will be held beneficially by the DCC Partners);
- the shareholders in Davies Collison Cave Pty Ltd and Davies Collison Cave Law Pty Ltd will transfer all of their shares in the respective entities to the Company in exchange for a certain number of Shares in the Company;
- the business assets and liabilities of DCC's Singaporean practice which are owned by DCC LLP will be acquired by Davies Collison Cave Asia Pte. Ltd., a newly incorporated wholly owned Singaporean subsidiary of the Company; and
- QIP Services Pty Ltd, a newly incorporated wholly owned subsidiary of the Company, will perform an administrative, IT, treasury and services function within the Group. Certain liabilities of DCC will be assumed by QIP Services Pty Ltd and leases for premises presently occupied by DCC will be assigned to QIP Services Pty Ltd.

SECTION 9 ADDITIONAL INFORMATION

The following liabilities of the Australian DCC partnerships will not be assumed by an entity in the restructured Group:

- fines, penalties, damages or awards payable to any government or regulatory authority in relation to conduct of the business of the DCC partnerships that do not arise in the ordinary course;
- GST liabilities relating to the DCC partnerships that do not arise in the ordinary course; and
- stamp duty relating to the business carried on by the DCC partnerships and relating to the Restructure.

A restructure of FPA immediately before Listing involving:

- the FPA partners will transfer their interest in the assets of the business carried on by FPA to FPA Patent Attorneys Pty Ltd, a newly incorporated entity;
- the FPA partners will receive a certain number of shares in FPA Patent Attorneys Pty Ltd as consideration for the transfer of their interests in the assets of the FPA business. There will then be certain share transfers among the holders of shares in FPA Patent Attorneys Pty Ltd;
- the shareholders in FPA Patent Attorneys Pty Ltd will transfer all of their FPA Patent Attorneys Pty Ltd shares to the Company in exchange for a certain number of Shares in the Company;
- FPA Services, a service trust which is part of FPA's existing business, will transfer all of its assets and liabilities to QIP Services Pty Ltd. In addition, QIP Services Pty Ltd will take on certain liabilities of the FPA business; and
- FPA Patent Attorneys Pty Ltd will be granted a licence to occupy its current premises until 31 March 2017, pending the negotiation of a longer term tenancy.

The following liabilities of the FPA businesses will not be assumed by an entity in the restructured Group:

- fines, penalties, damages or awards payable to any government or regulatory authority in relation to conduct of the business of FPA that do not arise in the ordinary course;
- GST liabilities relating to the FPA partnership that do not arise in the ordinary course; and
- stamp duty relating to the business carried on by the FPA partnership and relating to the Restructure.

The DCC and FPA partnerships will be wound up after the Restructure.

9.5. SALECO AND SALE SHARES

SaleCo has been established so that the Existing Owners can sell the Sale Shares they receive under the Restructure and realise that part of their investment in the Company. Each Existing Owner has entered into an irrevocable offer deed (**Irrevocable Offer Deed**) in favour of SaleCo under which they irrevocably offer until 10 business days after completion of the Restructure to sell their respective Sale Shares received under the Restructure to SaleCo (or as it directs) free from encumbrances and third party rights and to deliver the Sale Shares to (or as directed by) SaleCo. The total number of Sale Shares is 52.2 million.

The Sale Shares which SaleCo will agree to acquire from the Existing Owners on its acceptance of each Irrevocable Offer Deed will be transferred to Applicants allocated Sale Shares under the Offer. The price payable for the Sale Shares will be the Offer Price.

SaleCo has no material assets, liabilities or operations other than its interest under the Irrevocable Offer Deed and the SaleCo Indemnity Deed (under which the Company indemnifies SaleCo and its directors against any loss or liability that they may suffer or incur as a result of the Offer). The directors of SaleCo are Leon Allen, Richard England and Sonia Petering. The sole shareholder of SaleCo is Leon Allen. The Company has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and under the SaleCo Indemnity Deed has agreed to pay SaleCo's costs in respect of the Offer.

9.6. MATERIAL CONTRACTS

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

9.6(a) Underwriting Agreement

The Offer is being underwritten by the Underwriter pursuant to an underwriting agreement dated 29 July 2016 between the Company, SaleCo and the Underwriter (**Underwriting Agreement**). Under the Underwriting Agreement, the Underwriter has agreed to arrange and manage the Offer as well as to act as underwriter for the Offer. The Underwriter has appointed Evans and Partners as Joint Lead Manager. Evans and Partners is not a party to the Underwriting Agreement.

For the purpose of this Section 9.6(a), 'Offer Documents' means the documents issued or published by or on behalf of the Company and SaleCo and with their prior approval in respect of the Offer and in a form approved by the Underwriter including:

- this Prospectus, any application form and any supplementary prospectus;
- the pathfinder version of this Prospectus that was distributed prior to the date of the Original Prospectus and any document which supplements or replaces the pathfinder version of this Prospectus;
- any cover email, including an appropriate cautionary legend, sent to eligible Institutional Investors in Australia and New Zealand and other agreed foreign jurisdictions with a link to or attaching the pathfinder version of this Prospectus in connection with the Institutional Offer and bookbuild; and
- any investor presentation, roadshow presentation or marketing presentation and/or ASX announcement used in connection with the Institutional Offer or the Broker Firm Offer (including any addendum to those presentations and any draft of such documents used for roadshow purposes prior to lodgement of this Prospectus).

Commissions, fees and expenses

On the settlement date (as defined in the Underwriting Agreement) (**Settlement Date**), the Company and SaleCo must pay the Underwriter an underwriting fee equal to 2.25% and a selling and management fee equal to 1%, of the total funds raised under the Offer (**Offer Proceeds**). In addition, the Company and SaleCo may also pay an incentive fee of up to 0.25% of the total Offer Proceeds on the Settlement Date. These fees are exclusive of GST.

The Underwriter must pay any fees due to Evans and Partners on behalf of the Company by paying those fees out of the fees payable to the Underwriter.

In addition to the fees described above, the Company and SaleCo have agreed to reimburse the Underwriter for certain agreed costs and expenses incurred by the Underwriter in relation to the Offer.

Termination events

The Underwriter may terminate the Underwriting Agreement without cost or liability by notice to the Company and SaleCo at any time from the date of the Underwriting Agreement until 3.00pm on the Settlement Date or at any other earlier time as specified below, if one or more of the following events occur:

- the Restructure is not effected for any reason or is amended in a manner which in the reasonable opinion of the Underwriter has a material adverse effect on the success of the Offer;
- at any time the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the date of close of the bookbuild process undertaken prior to the date of the Underwriting Agreement that determined Institutional Investor demand for the Offer Shares and the Offer Price (**Bookbuild**) and is at or below that level at the close of trading:
 - for three consecutive Business Days (as defined in the Underwriting Agreement) during any time after the date of the Underwriting Agreement; or
 - on the Business Day immediately prior to either the Settlement Date or the date of allotment of the Offer;
- any of the voluntary escrow agreements referred to in Section 7.6 between the Company and an Existing Owner are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- an Irrevocable Offer Deed referred to in Section 9.5 is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- any financial forecast that appears in the Offer Documents is, or becomes (in the reasonable opinion of the Underwriter) incapable of being met within the relevant forecast period;
- the Debt Funding Documents (as defined in the Underwriting Agreement) not being validly executed by both the Company and the counterparties to those agreements prior to the Settlement Date, or the Debt Funding Documents are terminated, breached, amended or become void, voidable or otherwise non-binding;
- the Company, SaleCo or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - the Company's admission to the official list of ASX on or before the Listing Approval Date (as defined in the Underwriting Agreement); or

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- the quotation of all of the Shares, including the Offer Shares, on ASX or for the Shares, including the Offer Shares, to be traded through CHESS on or before the Quotation Date (as defined in the Underwriting Agreement),
- or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- any of the following notifications are made in respect of the Offer:
 - ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
 - ASIC holds a hearing under section 739(2) of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or an Offer Document;
 - any person (other than the Underwriter) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
 - any person (other than the Underwriter) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
- the Company or SaleCo does not provide a Closing Certificate (as defined in the Underwriting Agreement) as and when required by the Underwriting Agreement;
- if any of the obligations of the relevant parties under any of the contracts that are material to DCC or FPA or any of the material contracts referred to in this Section 9.6 are not capable of being performed in accordance with their terms (in the reasonable opinion of the Underwriter) or if all or any part of any of such contracts:
 - is amended or varied without the consent of the Underwriter (which consent cannot be unreasonably withheld or delayed);
 - is terminated;
 - ceases to have effect, otherwise than in accordance with its terms; or
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal;
- the Company or SaleCo withdraws an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- any member of the Group is or becomes Insolvent (as defined in the Underwriting Agreement), or there is an act or omission which is likely to result in a member of the Group becoming Insolvent;
- the Company is prevented from allotting and issuing (as applicable) the Offer Shares, or SaleCo is prevented from transferring the Sale Shares, within the time required by the timetable under the Underwriting Agreement, the Offer Documents, the ASX Listing Rules, by applicable laws, an order of a Court of competent jurisdiction or a Governmental Authority (as defined in the Underwriting Agreement);
- the Company or SaleCo:
 - alters the issued capital of the Company or a member of the Group; or
 - disposes or attempts to dispose of a substantial part of the business or property of the Company or a member of the Group, without the prior written consent of the Underwriter;
- if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform their obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents;
- any of the following occur:
 - any Governmental Agency (as defined in the Underwriting Agreement) commences any public action against the Company, SaleCo or any other Group member, or any of the directors or proposed directors named in the pathfinder version of this Prospectus or this Prospectus in their capacity as a director of the Company or SaleCo (as applicable), or announces that it intends to take action; or
 - any director or proposed director named in the pathfinder version of this Prospectus or this Prospectus of the Company or SaleCo is disqualified from managing a corporation under Part 2D.6;
- the Company varies any term of its Constitution without the prior written consent of the Underwriter; or
- if any regulatory body commences any Enquiry (as defined in the Underwriting Agreement) or public action against a Group member.

Termination subject to materiality

The Underwriter may terminate the Underwriting Agreement without cost or liability by notice to the Company and SaleCo at any time from the date of the Underwriting Agreement until 3.00pm on the Settlement Date or at any other earlier time as specified below, if one or more of the following events occur, provided that it has reasonable grounds to believe that the event (a) has or is likely to have a materially adverse effect on (i) the success, settlement or marketing of the Offer or on the

ability of the Underwriter to market or promote or settle the Offer or on the likely price at which the Offer Shares will trade on ASX; or (ii) the willingness of investors to subscribe for the Offer Shares; or (b) will, or is likely to, give rise to a liability of the Underwriter under, or give rise to, or result in, a contravention by the Underwriter or its affiliates or the Underwriter or its affiliates being involved in a contravention of, any applicable law:

- a statement in any of the Offer Documents or public information is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an Offer Document;
- there is a material difference between the pathfinder version of this Prospectus and this Prospectus;
- there occurs a new circumstance that arises after this Prospectus is lodged that would have been required to be included in this Prospectus if it had arisen before lodgement;
- the Company and SaleCo are required to issue a supplementary prospectus to comply with section 719 of the Corporations Act;
- if any of the obligations of the relevant parties under any of the contracts that are material to DCC or FPA or any of the material contracts referred to in this Section 9.6 are not capable of being performed in accordance with their terms (in the reasonable opinion of the Underwriter) or if all or any part of any of such contracts is breached;
- an event specified in the timetable under the Underwriting Agreement up to and including the date of settlement of the Offer is delayed by more than two Business Days without the prior written consent of the Underwriter;
- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any Governmental Agency (as defined in the Underwriting Agreement) which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- Leon Allen or James Cherry vacates his office and/or is replaced, or there is a change in the board of directors of the Company or SaleCo;
- a director or proposed director named in the pathfinder version of this Prospectus or this Prospectus, or the chief executive officer or chief financial officer of the Company or SaleCo is charged with an indictable offence;
- the Due Diligence Report (as defined in the Underwriting Agreement) or verification material or any other information supplied by or on behalf of the Company or SaleCo to the Underwriter in relation to the Group or the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;
- any adverse change occurs, or is likely to occur (in the reasonable opinion of the Underwriter) in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group from those respectively disclosed in any Offer Document or the public information;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand, the United Kingdom, Singapore, Hong Kong or any State or Territory of Australia a new law, or the Reserve Bank of Australia, New Zealand or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy that will or may materially adversely affect the Company, DCC, FPA or the Offer (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- there is a contravention by the Company, SaleCo or any other Group member of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), *Australian Securities and Investments Commission Act 2001* (Cth) (or any regulations under those Acts), any of the Listing Rules or any other applicable law or regulation (including any applicable law or regulation in a jurisdiction other than Australia);
- any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act (and all regulations under that Act), its Constitution, the ASX Listing Rules or any other applicable law or regulation (including any applicable law or regulation in a jurisdiction other than Australia);
- the commencement of legal proceedings against the Company, SaleCo, any other member of the Group or against any director of the Company, SaleCo or any other member of the Group in that capacity;
- a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of the Company or SaleCo (whether severally or jointly) is breached, becomes not true or correct or is not performed;
- the Company or SaleCo defaults on one or more of its obligations under the Underwriting Agreement;
- any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of a member of the Group to the Underwriter in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or likely to mislead or deceive (including, by omission and, for the avoidance of doubt, including in circumstances where material information in respect of the Offer or the Group, and in respect of each jurisdiction in which the Group operates, has not been supplied to the Underwriter);
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, the People's Republic of China, Singapore, South Korea, France, Germany, Spain or Italy, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;

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- a statement in any Closing Certificate (as defined in the Underwriting Agreement) is false, misleading or deceptive (including by omission) or inaccurate or untrue or incorrect; or
- any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, New Zealand, Canada, The People's Republic of China, Japan, Singapore, Hong Kong, the United Kingdom, the United States, France, Germany, Spain or Italy is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - any adverse affect on the financial markets in Australia, New Zealand, Japan, Canada, The People's Republic of China, Singapore, Hong Kong, the United Kingdom, the United States, France, Germany, Spain or Italy, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
 - trading in all securities quoted or listed on ASX, the New Zealand Stock Exchange, New York Stock Exchange, London Stock Exchange, Singapore Exchange, Hong Kong Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect for a period of at least 6 hours on which that exchange is open for trading.

Representations, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and SaleCo to the Underwriter (as well as common conditions precedent, including due diligence, lodgement of the Prospectus and the entry into a voluntary escrow agreement by each of the Existing Owners).

The representations and warranties given by the Company and SaleCo include matters such as conduct of the Company and SaleCo, power and authorisations, information provided by the Company including disclosures and financial information, information in this Prospectus and other public information, title of the Offer Shares, the conduct of the Offer, no breach and compliance with laws, the ASX Listing Rules and other legally binding requirements. The Company and SaleCo also provide additional representations and warranties including in relation to encumbrances over assets, litigation, entry into the Irrevocable Offer Deeds by Existing Owners, licences, insurance, authorisations, non-disposal of Escrowed Shares, eligibility for Listing, tax, internal accounting controls and ownership of IP and IT systems.

The Company's and SaleCo's undertakings include that it must each, after becoming aware, notify the Underwriter of any breach of any obligation, representation, warranty or undertaking given by it under the Underwriting Agreement and notify the Underwriter of any breach of laws.

The Company's undertakings also include that:

- it must not without the prior written consent of the Underwriter at any time up to 120 days after Completion of the Offer issue, or agree to issue, or indicate in any way that it may or will issue, or agree to issue, any shares or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity, of the Company or any member of the Group, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of securities of that type however settled, other than pursuant to: (i) the Offer or the Underwriting Agreement; (ii) an employee share or option plan, a non-underwritten dividend reinvestment or a bonus share plan described in the pathfinder version of this Prospectus; or (iii) a proposed transaction fully and fairly disclosed in the pathfinder version of this Prospectus;
- it must not without prior written consent of the Underwriter (which consent cannot be unreasonably withheld or delayed) at any time up to 120 days after Completion of the Offer alter the capital structure of the Company, amend the Constitution or dispose of the Company's business or property in whole or substantial part;
- it must not withdraw the Offer without prior written consent of the Underwriter (which consent cannot be unreasonably withheld or delayed);
- it must not allow an Existing Owner to dispose of any Offer Shares held by it after settlement on the Settlement Date except in the circumstances permitted by the relevant voluntary escrow agreement, or agree to vary or terminate the relevant voluntary escrow agreement.

Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, fraud or wilful misconduct of, or deliberate default of a material provision of the Underwriting Agreement by, the Underwriter and its Representatives (as defined in the Underwriting Agreement) (**Indemnified Party**), the Company and SaleCo on a joint and several basis unconditionally and irrevocably agree to indemnify and hold harmless the Indemnified Parties from and against all Losses (as defined in the Underwriting Agreement) directly or indirectly suffered or incurred by the Indemnified Parties in connection with the Offer and the appointment of the Underwriter under to the Underwriting Agreement. This includes instances where Losses (as defined in the Underwriting Agreement) are incurred directly or indirectly by an Indemnified Party as a result of the making of the Offer, the Offer Documents or breach of the Company or SaleCo of their obligations under the Underwriting Agreement.

9.6(b) CPA Strategic Alliance Agreement

DCC and CPA Global Limited (**CPA**), a company registered in Jersey, are party to a *Strategic Alliance Agreement* dated 1 January 2010 (**SAA**). The initial term of the SAA is 10 years, beyond which it will continue until validly terminated by DCC by giving not less than 12 months' written notice expiring 31 July in any year.

CPA specialises in the provision of patent, design and trade mark maintenance services. Under the SAA, DCC has agreed to obtain these services from CPA on behalf of its clients in exchange for a commission based on the fees these clients generate for CPA. DCC is also eligible for a bonus payment under the SAA depending on CPA profit growth.

9.6(c) New Banking Facilities

For a summary of the New Banking Facilities, refer to Section 5.12.

9.6(d) FPA Relationship Deed

From Listing, FPA and HSF will be parties to a relationship deed (**FPA Relationship Deed**) under which they have agreed, in relevant circumstances, to:

- use, where practicable, reasonable endeavours to recommend each other to clients seeking their respective services; and
- co-operate in offering a combined IP service.

The FPA Relationship Deed shall continue until the agreement is validly terminated. Either party may terminate on 6 months' notice, or in the event of material or persistent breaches or insolvency of the other party, or acts or omissions which bring the terminating party into disrepute or damage the goodwill or reputation of the terminating party (including acts or omissions of any other member of the Group).

9.6(e) FPA Transitional Services Agreement

From Listing, FPA and EHSA will be parties to a transitional services agreement (**FPA Transitional Services Agreement**) under which EHSA will provide certain transitional services to FPA until 31 March 2017, including:

- the provision of ICT infrastructure and IT services to enable FPA to progressively transition to the Company's ICT platform in accordance with an agreed IT migration plan;
- a licence to use premises in Sydney and Melbourne; and
- certain other incidental services.

FPA will be required to pay EHSA services fees for the transitional services. FPA will also be required to seek to minimise the extent to which it relies on the transitional services and use reasonable endeavours to assume performance of the transitional services itself as soon as reasonably practicable.

Notice of termination of the FPA Relationship Deed will trigger the termination of certain incidental services, including access to client meeting room facilities and courier/mail services, provided by EHSA, in which case FPA would need to make alternative arrangements.

Either party will be able to terminate the FPA Transitional Services Agreement for default or on insolvency of the other party. The agreement contains a clause, which states that EHSA's aggregate monetary liability to FPA in relation to the provision of the transitional services is capped at \$1.00.

EHSA and FPA will be required to negotiate promptly and in good faith subleases for FPA's occupation of premises beyond 31 March 2017, and the continued provision of certain incidental services.

9.7. ASX AND ASIC

ASX waivers and confirmations

The Company has applied to the ASX for an 'in-principle' confirmation that ASX considers that the Company has a track record of revenue acceptable to the ASX for the purposes of ASX Listing Rule 9.1.3, and consequently, that the ASX will not apply the restrictions in clauses 1, 2, 3, 4, 7, 8 and 9 of Appendix 9B in relation to the Shares in the Company. Accordingly, the Escrowed Shares held by Existing Owners will not be classified as restricted securities under the Listing Rules and will not be subject to mandatory escrow restrictions.

The Company expects that the 'in-principle' confirmation will be formally considered and determined by the ASX (subject to customary conditions) as part of the Company's application for Listing.

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ASIC relief

ASIC has granted certain relief from, and modifications to:

- section 707 of the Corporations Act to permit the on-sale of Shares offered and transferred or issued to institutional investors other than under this Prospectus;
- prevent any breach of the short selling restrictions in section 1020B(2) of the Corporations Act as a result of an Offer of Sale Shares under this Prospectus; and
- the takeover provisions of the Corporations Act such that they will not apply to certain relevant interests that the Company would otherwise acquire in Escrowed Shares by reason of voluntary escrow arrangements in relation to the Shares held by the Existing Owners described in Section 7.6.

9.8. LITIGATION AND CLAIMS

As at the Prospectus Date, so far as the Directors are aware, there are no claims or legal proceedings to which the Company or its subsidiaries are a party that are likely to have a material adverse impact on the business or its future financial position and the Company is not aware of any such legal proceedings that are pending or threatened.

9.9. CONSENTS TO BE NAMED AND DISCLAIMERS OF RESPONSIBILITY

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

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, have not been withdrawn by the following parties:

- Bell Potter has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager, sole Underwriter and bookrunner to the Offer in the form and context in which it is named;
- MinterEllison has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer in the form and context in which it is named;
- Evans and Partners has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager to the Offer in the form and context in which it is named;
- Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report and financial services guide in the form and context in which they are included; and
- Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named.

No entity or person referred to in this Section 9.9 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to in this Section 9.9 has not authorised or caused the issue of this Prospectus and does not make any offer of Shares.

9.10. DESCRIPTION OF THE SYNDICATE

The Joint Lead Manager, sole Underwriter and bookrunner to the Offer is Bell Potter. Evans and Partners is a Joint Lead Manager to the Offer.

9.11. TAXATION CONSIDERATIONS

The following comments provide a general summary of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus.

The categories of Shareholders considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their Shares on capital account. This summary does not consider the consequences for non-Australian tax resident Shareholders, or Australian tax resident Shareholders that are insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading in shares, or Shareholders who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident Shareholders who are subject to Division 230 of the *Income Tax Assessment Act 1997* (the Taxation of Financial Arrangements or 'TOFA' regime) or employees who have acquired their interest under any employee share or option plan.

This summary is based on the tax law in Australia in force as at the date of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the potential tax implications for each Shareholder. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend on each Shareholder's specific circumstances.

Shareholders should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

9.11.1. Dividends on a Share

The Company may attach 'franking credits' to dividends. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

9.11.2. Australian tax implications

Individuals and complying superannuation entities

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders that are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to Shares held to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend if they are a 'qualified person' (refer further comments below).

These Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a 'qualified person' or where the Shareholder receives less than \$5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income in an income year, these Shareholders should be entitled to a tax refund.

If an unfranked dividend is paid, the Shareholder will generally be taxed at their marginal tax rate on that dividend with no tax offset.

Corporate Shareholders

Australian tax resident corporate Shareholders are also required to include both the dividend and attached franking credit in their assessable income subject to being a 'qualified person'. A tax offset is then allowed up to the amount of the franking credit on the dividend, subject to being a 'qualified person', with the result that a tax resident corporate Shareholder should not pay any additional tax on the fully franked dividend.

An Australian resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. This should then allow the corporate Shareholder to pass on the benefit of the franking credits to its own shareholder(s) on a subsequent payment of dividends.

Excess franking credits received cannot give rise to a refund for a corporate Shareholder, but may in certain circumstances be able to be converted into carry forward tax losses.

Trusts and partnerships

Shareholders that are Australian resident trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend and attached franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a 'qualified person', the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

Shares held at risk

The benefit of franking credits can be denied where a Shareholder is not a 'qualified person', in which case the Shareholder will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', a Shareholder must satisfy the holding period rule and, if necessary, the 'related payment rule'.

The 'holding period rule' requires a Shareholder to hold the Shares 'at risk' for more than 45 days continuously in the 'primary qualification period', which is the period beginning the day after the day on which the Shareholder acquires the Shares and ending on the 45th day after the day on which the Shares become ex-dividend. The dates on which the Shares are acquired and disposed of are ignored for the purposes of determining the 45 day period. Any day on which a Shareholder has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the Shareholder held the Shares 'at risk'. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000.

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Special rules apply to trusts and beneficiaries. Specifically, there are particular difficulties in satisfying the holding period rule where an investor holds Shares through a discretionary trust where no family trust election has been made. In these cases, the holding period rule may not be capable of being satisfied (though an exception still applies in the case of individual beneficiaries who have franking credit entitlements of less than \$5,000 in an income year). If a Shareholder is the trustee of a discretionary trust, it is strongly recommended that professional advice be obtained.

Under the 'related payment rule', a different testing period applies where the Shareholder has made, or is under an obligation to make, a related payment in relation to a dividend. The related payment rule requires the Shareholder to have held the Shares at risk for a continuous 45 day period within the 'secondary qualification period' commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact Shareholders who do not pass the benefit of the dividend to another person. Shareholders should obtain their own tax advice to determine if these requirements, as they apply to them, have been satisfied.

Dividend washing rules can apply so that no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received where the Shareholder receives a franked dividend on a replacement Share after disposing of a substantially identical Share. Shareholders should consider the impact of these rules having regard to their own personal circumstances and seek professional advice to determine if these or any other integrity rules could apply to them.

9.11.3. Disposal of Shares

Australian tax implications

The disposal of a Share by a Shareholder will be a capital gains tax (CGT) event. An Australian tax resident Shareholder will make a capital gain where the capital proceeds received in relation to the disposal exceed the cost base of the Share. The CGT cost base of a Share will broadly be the amount paid to acquire the Share plus any non deductible transaction/incidental costs. In the case of an arm's length transaction, the capital proceeds should generally be the cash proceeds received from the sale of a Share plus the market value of any property received from the sale of the Share.

A CGT discount may be available on the capital gain (after reduction of total capital gains by capital losses) where the Shareholder is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any capital gain made by individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are individuals, trustees or complying superannuation entities. The CGT discount rules applying to trusts are complex and Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

An Australian tax resident Shareholder will make a capital loss on the disposal of Shares if the reduced cost base of the Share exceeds the capital proceeds in relation to the disposal. Capital losses may only be offset against capital gains made by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

9.11.4. GST

The acquisition of the Shares by an Australian resident (that is registered for GST) will be an input taxed financial supply and therefore is not subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor that is registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

Investors should seek their own advice on the impact of GST in their own particular circumstances.

9.11.5. Stamp duty

Under current stamp duty legislation, investors acquiring Shares in the Company under this Prospectus will not be liable for stamp duty on the acquisition.

9.11.6. Tax file numbers (TFN)

An Australian tax resident Shareholder is not required to quote their tax file number (TFN) to the Company. However, if a TFN or exemption details are not provided, Australian tax may be required to be deducted or withheld by the Company from dividends and/or distributions at the maximum marginal tax rate including where relevant, the 'Medicare Levy' and 'Temporary Budget Repair Levy'.

An investor that holds Shares as part of an enterprise may quote its ABN instead of its TFN.

Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

9.11.7. Employee Award Offer

The Company will provide a general summary of Australian tax issues relating to the Employee Award Offer to Australian Eligible Employees in the written offer provided to them.

9.12. GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in Victoria and each Applicant under this Prospectus submits to the exclusive jurisdiction of the Courts of Victoria.

9.13. FOREIGN SELLING RESTRICTIONS

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

Hong Kong

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

No advertisement, invitation or document relating to the New Shares and/or Sale 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 and/or Sale Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares and/or Sale Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

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

New Zealand

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

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

SECTION 9 ADDITIONAL INFORMATION

Singapore

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

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

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

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares and/or Sale Shares. This document is issued on a confidential basis to 'qualified investors' (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares and Sale Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares and Sale Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together 'relevant persons'). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

9.14. STATEMENT OF DIRECTORS

The issue of this Prospectus has been authorised by each Director. Each Director has consented to lodgement of this Prospectus with ASIC and has not withdrawn that consent.

A

SIGNIFICANT ACCOUNTING POLICIES



APPENDIX A SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE FINANCIAL REPORT

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

a. Basis of consolidation

The consolidated financial statements are those of the consolidated entity (the **Group**), comprising the financial statements of the parent entity, QANTM, and all of the entities the parent controls (its subsidiaries). The Company controls an entity when it has power over the investee and the Group 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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

b. Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates

prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

c. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other revenue, including commission revenue, is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of GST.

d. Work in progress

WIP represents costs incurred and profit recognised on client assignments and services that are in progress at balance date. WIP is valued at net realisable value after providing for any foreseeable losses. WIP is regularly reviewed and any work in progress not thought to be recoverable is written off.

e. Recoverable expenses

Recoverable expenses such as associate charges, that are payments to foreign agents that lodge applications in countries outside of those countries in which the Group acts directly before the national IP office, are recognised as an expense as incurred and, to the extent recoverable, as revenue.

APPENDIX A SIGNIFICANT ACCOUNTING POLICIES

f. Income tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Company and its wholly-owned Australian resident entities are expected to form a tax-consolidated group, effective for the FY17. As a consequence, all members of the tax-consolidated group will be taxed as a single entity. The head entity within the tax consolidated group will be QANTM.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the head entity level of the group.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the head entity level of the group.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

The change in legal structure on Listing will cause a change in the tax status of the operations. This change in tax status has been included in profit and loss for the period.

g. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

h. Trade and other receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Impairment of Assets (Note 1(m)) for further discussion on the determination of impairment losses.

Unearned income is recognised as a liability when received and is recognised as revenue once a service has been provided or completed.

i. Trade and other payables

Trade and other payables represent the liabilities for goods and services received that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 90 days of recognition of the liability.

j. Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

The amortised cost of a financial asset is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and the maturity amount and minus any write-down for impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

APPENDIX A SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Other financial liabilities include trade payables, other creditors and loans from third parties including inter-group balances.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Other financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

k. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

DEPRECIATION RATES

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	Term of lease	Straight line
Plant and equipment at cost	5–15 years	Straight line
Furniture, fixtures and fittings at cost	5–15 years	Straight line
Computer equipment at cost	3–5 years	Straight line

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

l. Intangibles

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets

An internally-generated intangible asset is recognised if, and only if, certain criteria have been demonstrated such as how the intangible asset will generate probable future economic benefits. The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination including customer relationships and software, are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Brand names

Brand names recognised by the company have an indefinite useful life and are not amortised. Each period, the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the Impairment of Assets policy (Note 1(m)).

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

m. Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136 'Impairment of Assets'. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs of disposal and value in use.

For the purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

n. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

o. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

APPENDIX A SIGNIFICANT ACCOUNTING POLICIES

p. Employee benefits

Short and long-term employee benefit

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of service provided by the employees up to reporting date.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

q. Share based payments

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

r. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they arise.

s. GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

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

t. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk such as foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. At this point the Group does not designate financial instruments and hence does not apply hedge accounting.

B

GLOSSARY



APPENDIX B GLOSSARY

Term	Meaning
\$ or A\$ or AUD	Australian dollars
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ANZ	Australia and New Zealand Banking Group Limited
Applicant(s)	A person who submits an Application
Application(s)	An application made to subscribe for Shares offered under this Prospectus
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form)
Application Monies or Application Amount	The amount accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investment Commission
Associate Charges	Revenue from recharging the cost of foreign agents that lodge applications in countries outside of those countries in which the Group acts directly before the national IP office and, additionally, fees paid to barristers and other experts
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires
ASX Listing Rules	The listing rules of ASX
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The rules of ASX Settlement Pty Ltd ACN 008 504 532
ATMO	Australian Trade Marks Office
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the AASB
Bell Potter	Bell Potter Securities Limited ABN 25 006 390 772
Board or Board of Directors	The board of directors of the Company
Broker	Any ASX participating organisation selected by the Underwriter and QANTM to act as Broker to the Offer
Broker Firm Offer	The Offer of Shares under this Prospectus to Australian resident investors who are not Institutional Investors and have received a firm allocation from their Broker, as described in Section 7.9
CAGR	Compound annual growth rate
Chairman	Chairman of the Board of Directors
CHESS	Clearing House Electronic Sub-register System, operated in accordance with the Corporations Act
Closing Date	The date by which Applications must be lodged for the Offer, being Friday, 19 August 2016. This date may be varied by QANTM and the Underwriter, without prior notice

Term	Meaning
Company or QANTM	QANTM Intellectual Property Limited ACN 612 441 326
Completion of the Offer	The completion of the Offer, being the date on which Shares are transferred to successful Applicants in accordance with the terms of the Offer
Constitution	The constitution of QANTM
Contracting States	The 150 contracting states, regions, countries and jurisdictions under the Patent Cooperation Treaty
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporate Directory	The Corporate Directory at the back of this Prospectus
CY	Calendar year or 12 months ended 31 December. For example CY15 would be the 12 months ended 31 December 2015
Davies Collison Cave or DCC	Prior to the Restructure, Davies Collison Cave Patent and Trade Marks Attorneys, Davies Collison Cave Law and Davies Collison Cave LLP. After the Restructure, Davies Collison Cave Law Pty Ltd ACN 613 954 420, Davies Collison Cave Pty Ltd ACN 613 954 368 and Davies Collison Cave Asia Pte. Ltd. (Singaporean)
Director	A member of the Board
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EHSA	Exchange House Services Australia Pty Ltd ACN 091 861 835
Eligible Employees	Has the meaning given to this term in Section 7.10
Employee Award Offer	The invitation to Eligible Employees to apply for 450 Shares each for no consideration, as described in Section 7.10
Escrow Period	Two years from the Listing Date (or in the case of the NED Bonus Shares, until the release of the Company's FY17 results)
Escrowed Shares	The Shares subject to escrow restrictions which are summarised in Section 7.6
EU	The 28 member states of the European Union
Evans and Partners	Evans and Partners Pty Ltd ABN 85 125 338 785
Existing Owners	The current partners of Davies Collison Cave Patent and Trade Mark Attorneys, Davies Collison Cave Law and Davies Collison Cave LLP and the current partners in the FPA Patent Attorneys partnership
Expiry Date	29 August 2017
Financial Information	The Pro Forma Historical Information and the Forecast Financial Information
Firms	DCC and FPA
FPA Patent Attorneys or FPA	Prior to the Restructure, the FPA Patent Attorneys partnership (formerly known as Freehills Patent Attorneys) and FPA Services Trust. After the Restructure, FPA Patent Attorneys Pty Ltd ACN 613 950 342
FPA Relationship Deed	The agreement between HSF and FPA as described in Section 9.6(d)

APPENDIX B GLOSSARY

Term	Meaning
FPA Transitional Services Agreement	The agreement between EHSA and FPA as described in Section 9.6(e)
Forecast Financial Information	Has the same meaning given to that term in Section 5.1
Foreign Associate	IP services firms based in jurisdictions other than Australia or New Zealand which may refer international clients to the Firms and provide services for the Firms' clients in the Foreign Associates' jurisdictions
Fortune Global 500 Company or Fortune 500	The 2015 ranking of the top 500 corporations worldwide as measured by revenue compiled by Fortune magazine
FY	Financial year or year ended 30 June. For example FY15 would be the financial year ended 30 June 2015
GFC	Global financial crisis
Group	The Company and its subsidiaries
GST	Goods and services or similar tax imposed in Australia
HSF	Herbert Smith Freehills ABN 98 773 882 646, the Australian partnership carrying on business as a commercial law firm, formerly called Freehills
ICT	Information and communication technology
IFRS	International Financial Reporting Standards
Institutional Investor	An investor to whom offers or invitations in respect of securities can be made without the need for a 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 (other than section 708(1)) and in New Zealand, persons to whom offers and invitations can be made without the need for a registered prospectus under section 3(2)(a) of the Securities Act 1978 NZ.
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.11
Intellectual Property Office of Singapore or IPOS	The Government agency responsible for the regulation and administration of IP in Singapore
Investigating Accountant	Deloitte Corporate Finance Pty Limited ABN 19 003 833 127
Investigating Accountant's Report	The report prepared by the Investigating Accountant set out in Section 8
IP	Intellectual property
IP Australia	IP Australia, the Government agency responsible for the regulation and administration of IP in Australia
IPO	Initial public offering
IPONZ	Intellectual Property Office of New Zealand
Irrevocable Offer Deed	The irrevocable offer deed dated on or about the date of this Prospectus between each Existing Owner and SaleCo as described in Section 9.5
IT	Information technology

Term	Meaning
Joint Lead Manager	Bell Potter and Evans and Partners
Listing	Admission of QANTM to the official list of ASX and quotation of the Shares on the ASX
Listing Date	The date on which the Company is admitted to the Official List of ASX and quotation of the Shares commences
LTIP	The QANTM long term incentive plan described in Section 6.4.4.2
m	Million
Management	The Managing Director, chief financial officer and senior management team of QANTM
Market Capitalisation	Total market value of QANTM on ASX on the Listing Date based on the Offer Price
Non-Executive Director	The non-executive directors of the Board of Directors
NED Bonus Shares	The Shares issued to the Non-Executive Directors as described in Section 6.4.2.5
New Banking Facilities	The new banking facilities described in Section 5.12
New Shares	The new Shares to be issued by QANTM under the Offer
NPAT	Net profit after tax
NPATA	Net profit after tax with non-tax effected amortisation added back
Offer	The offer of Shares under this Prospectus
Offer Period	The period from the date on which the Broker Firm Offer opens on Monday, 8 August 2016 until the Closing Date
Offer Price	\$2.22 per Share
Offer Shares	The 66.5 million Shares being offered under this Prospectus
Original Prospectus	The prospectus dated 29 July 2016 and lodged with ASIC on that date, and which this Prospectus replaces
Patents Act	<i>Patents Act 1990</i> (Cth)
PBTA	Profit before taxation and amortisation
PCT	Patent Cooperation Treaty
Principals	The principals or partners of DCC and FPA, being the 45 senior professionals listed in Section 6.3
Pro Forma Historical Financial Information	The financial information described as 'Pro Forma Historical Financial Information' in Section 5.1
Productivity Commission	The Australian Government Productivity Commission
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document
Prospectus Date	The date on which a copy of this Prospectus is lodged with ASIC, being 9 August 2016
QIP Services	QIP Services Pty Ltd ACN 613 281 182
R&D	Research and development

APPENDIX B GLOSSARY

Term	Meaning
Raising the Bar Act	<i>Intellectual Property Laws Amendment (Raising the Bar) Act 2012 (Cth)</i>
Restructure	The restructure of DCC and FPA described in Section 9.4
Retail Offer	The Broker Firm Offer and the Employee Award Offer described in Sections 7.9 and 7.10
SaleCo	QANTM SaleCo Limited ACN 612 551 907
Sale Shares	Shares offered for sale by SaleCo under this Prospectus
SaleCo Indemnity Deed	The SaleCo indemnity deed dated on or about the date of this Prospectus between the Company and SaleCo as described in Section 9.5
Scheme	The structure under which it is proposed that separate trusts be established by the Firms to fund the acquisition of Shares by selected employees under the Offer, as part of the Firms' reward and retention policies. The Shares acquired by Employees under the scheme will be escrowed for two years from Listing
Separate Businesses	The separate trading businesses of DCC and FPA post the Restructure, each with identical protocols to ensure client confidentiality and that any actual or perceived client conflicts are appropriately managed
Service Charges	Professional fees generated by the Firms
SGD	Singapore dollars
Share	A fully paid ordinary share in the capital of QANTM
Shareholder	A holder of at least one Share
Share Registry	Computershare Investor Services Pty Ltd ACN 078 279 277
SME	Small to medium enterprise
STIP	The QANTM short term incentive plan described in Section 6.4.4.1
Trade Marks Act	<i>Trade Marks Act 1995 (Cth)</i>
TTSEM	Trans-Tasman Single Economic Market
Underwriter	Bell Potter Securities Limited ABN 25 006 390 772
Underwriting Agreement	The underwriting agreement between the Company and the Lead Manager dated on or about the date of this Prospectus
UN	United Nations
US	United States of America
USD	United States dollars
US Person	a US Person as defined in Regulation S under the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
WIP	Work in progress
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation
YTG	Year to go

CORPORATE DIRECTORY

QANTM REGISTERED OFFICE

QANTM Intellectual Property Limited

Level 15,
1 Nicholson Street
Melbourne VIC 3000

JOINT LEAD MANAGER, SOLE UNDERWRITER & BOOKRUNNER TO THE OFFER

Bell Potter Securities Limited

Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

JOINT LEAD MANAGER

Evans and Partners Pty Ltd

171 Collins Street
Melbourne VIC 3000

LEGAL ADVISER TO THE OFFER

MinterEllison

Level 23, Rialto Towers
525 Collins Street
Melbourne VIC 3000

INVESTIGATING ACCOUNTANT

Deloitte Corporate Finance Pty Limited

550 Bourke Street
Melbourne VIC 3000

SHARE REGISTRY

Computershare Investor Services Pty Limited

452 Johnston Street
Abbotsford VIC 3001

QANTM OFFER INFORMATION LINE

Within Australia: 1300 638 215

Outside Australia: +61 03 9415 4024

Hours of operation: 9.00am to 5.00pm (Melbourne time)
Monday to Friday

QANTM OFFER WEBSITE

www.qantminvestors.com



QANTM
INTELLECTUAL PROPERTY