



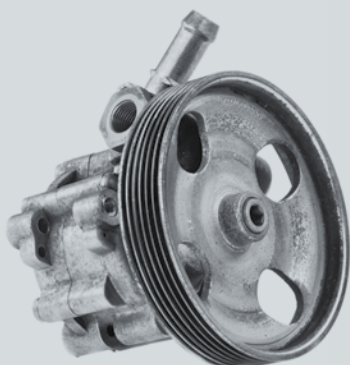
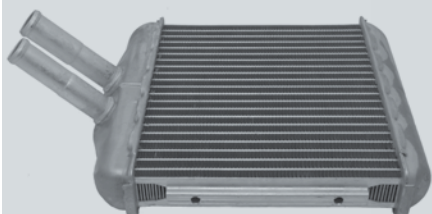
BURSON

AUTO PARTS

THE PARTS PROFESSIONALS

PROSPECTUS

The Prospectus relates to an initial public offering of ordinary shares in Burson Group Limited
ABN 80 153 199 912



Joint Lead Managers

Morgan Stanley



UBS



IMPORTANT NOTICES

Offer

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (Shares) in Burson Group Limited ABN 80 153 199 912 (Burson or Company). This Prospectus is issued by the Company and Burson SaleCo Pty Limited ACN 168 580 247 (SaleCo).

Lodgement and Listing

This Prospectus is dated 7 April 2014 and was lodged with ASIC on that date. It is a replacement Prospectus which replaces the prospectus dated 31 March 2014 and lodged with ASIC on that date (Original Prospectus).

The replacement Prospectus differs from the Original Prospectus. Sections 1.C and 3.4.1.1 now include additional disclosure of Burson's acquisition opportunities in Western Australia; Section 3.4.4 includes additional commentary on the revenue expected to be generated from Burson's branded parts; and Section 7.1.2 includes additional disclosure of the costs of the Offer. Also, in Section 1.G, the amount of Existing Shares the Quadrant Funds have agreed to retain has been corrected from "25%" to "44.6%". The lodgement of a replacement Prospectus has also required an amendment to the definition of "Prospectus Date" to reflect the date the Original Prospectus was lodged with ASIC and updates to reflect the fact an application has been lodged with ASX for admission of Burson to the Official List and for quotation of its Shares on the ASX.

Burson has applied to the ASX for admission of the Company to the Official List and quotation of its Shares on the ASX (Listing).

Neither ASIC nor the ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry Date

No Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date, being 13 months after 31 March 2014.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1 and 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

You should also consider the best estimate assumptions underlying the Forecast Financial Information set out in Sections 4.7.1 and 4.7.2 and the risk factors that could affect the Company's business, financial condition and results of operations.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for, or acquire, Shares offered under this Prospectus (Applications) in the seven day period after lodgement of the Original Prospectus with ASIC (Exposure Period). This Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

During the Exposure Period, this Prospectus will be made available to Australian residents, without the Application Form, at the Company's offer website, www.bursonshareoffer.com.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Disclaimer and forward looking statements

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company's or SaleCo's directors or any other person in connection with the Offer. You should rely only on information in this Prospectus. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward looking statements which are statements that may be 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. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events

and actions that, at the Prospectus Date, are expected to take place (including the key assumptions set out in Section 4.7).

The Company has no intention 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, other than to the extent required by law.

Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors of the Company and SaleCo, and management. Forward looking statements should therefore be read in conjunction with, and are qualified by reference to, Sections 4 and 5, and other information in this Prospectus. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

This Prospectus, including the industry overview in Section 2, uses market data, industry forecasts and projections. The Company has obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the forecasts contained in the reports, surveys and research of such third parties that are referred to in this Prospectus will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including the risk factors in Section 5.

As set out in Section 7.9.3, it is expected that the Shares will be quoted on the ASX initially on a deferred settlement basis. The Company, SaleCo, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company (and in the case of FY2012, Burson Automotive). Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial information presentation

All references to FY2012, FY2013, FY2014 and FY2015 appearing in this Prospectus are to the financial years ended or ending 30 June 2012, 30 June 2013, 30 June 2014 and 30 June 2015 respectively, unless otherwise indicated. All references to H1FY2013 and H1FY2014 appearing in this Prospectus are to the half financial years ended 31 December 2012 and 31 December 2013, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.



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CORPORATE DIRECTORY	Inside back cover

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.2.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (as adopted by the Australian Accounting Standards Board), which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

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

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Sections 4 and 5.

Obtaining a copy of this Prospectus

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the Burson Offer Information Line on 1300 706 137 (toll free within Australia) or +61 3 9946 4427 (outside Australia) between 9.00am and 5.00pm (AEST), Monday to Friday.

This Prospectus is also available in electronic form to Australian residents on the Company's offer website, www.bursonshareoffer.com. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia. Hard copy and electronic versions of this Prospectus are not available to persons in other jurisdictions, including the United States.

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. Persons who have received a copy of this Prospectus in its electronic form may, during the Offer Period, obtain a hard copy of the Prospectus by calling the Burson Offer Information Line on 1300 706 137 (toll free within Australia) or +61 3 9946 4427 (outside Australia) between 9.00am and 5.00pm (AEST), Monday to Friday.

Applications for Shares may only be made on the Application Form attached to, or accompanying, this Prospectus in its hard copy form, or in its soft copy form available online at www.bursonshareoffer.com, together with an electronic copy of this Prospectus. 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. Refer to Section 7 for further information.

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

No offering where illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. 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 (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. This Prospectus has been prepared for publication in Australia. The Shares to be offered under the Offer have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of, a U.S. Person. The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer.

See Section 7.7 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Privacy

By completing an Application Form, you are providing personal information to the Company and SaleCo through the Company's service provider, Computershare Investor Services Pty Limited ABN 48 078 279 277 (Share Registry), which is contracted by the Company to manage Applications. The Company and SaleCo, and the Share Registry on their behalf, may collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Share Registry for ongoing administration of the Share register;
- the Joint Lead Managers in order to assess your Application;

- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- 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.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company and SaleCo. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone: (international) + 61 3 9415 4000
(within Australia) 1300 850 505

Email: privacy@computershare.com.au

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.

Financial Services Guide

The provider of the independent review of the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review under the Corporations Act. The Financial Services Guide is provided in Section 8.

Company website

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

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in the glossary in Appendix B. Unless otherwise stated or implied, references to times in this Prospectus are to AEST.

Unless otherwise stated or implied, references to dates or years are calendar year references.

Questions

If you have any questions in relation to the Offer, contact the Burson Offer Information Line on 1300 706 137 (toll free within Australia) or +61 3 9946 4427 (outside Australia) between 9.00am and 5.00pm (AEST), Monday to Friday.

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

CHAIRMAN'S LETTER

31 March 2014

Dear Investor,

On behalf of the directors of Burson Group Limited (**Burson**), it is my pleasure to invite you to read this Prospectus and to become a Shareholder of Burson.

Burson is Australia's largest trade focused¹ automotive aftermarket parts distributor, with access to over 500,000 vehicle parts and accessories from in excess of 1,000 suppliers and distributing to approximately 30,000 workshops and other customers across Australia.

The services Burson provides form a critical part in servicing millions of vehicles each year in Australia. Burson strives to deliver the highest quality service to its customers, enabling workshops to service vehicles on a same day basis. This level of service is enabled by its extensive network of 114 stores², a 15,000m² distribution centre supported by eight hub stores³ and a fleet of over 500 delivery vehicles, all supported by an integrated IT and logistics system and a workforce of over 1,200 knowledgeable employees.

Burson has a long history of delivering high quality distribution services for automotive parts. Burson was established in 1971 in Melbourne and opened its first distribution store in 1978 in Braybrook, Victoria. It began expanding outside Victoria in 1984 through the establishment of a store in Albury, New South Wales and has since continued to expand into Queensland, South Australia, the Northern Territory and Tasmania. Today, Burson is Australia's largest trade focused automotive aftermarket parts distributor, benefiting from significant scale efficiencies and the ability to share operational practices across its stores.

Burson is led by an experienced senior management team that has a track record of growing Burson's store network. Burson has expanded from 81 stores in May 2011 to 114 as at 28 February 2014. This has underpinned strong growth in the business.

This Prospectus contains detailed information about the Offer, the industry in which Burson operates and its financial and operating performance. As with other companies, Burson is subject to a range of risks including increased competition, increased bargaining power of customers, supplier pressure, acquisition risk and business disruptions. The risks of investing in Burson are detailed in Section 5. I encourage you to read this document carefully and in its entirety before making your investment decision.

On behalf of my fellow Directors, I look forward to welcoming you as a Shareholder.

Yours sincerely,



Robert McEniry
Chairman, Burson Group Limited

1. Burson defines 'trade focused' as any distributor of automotive aftermarket parts having at least three quarters of its total sales to 'trade customers' (refer to Figure 8 in Section 2.6). Burson defines 'trade customers' as workshops and do-it-yourself vehicle owners (refer to Section 2.2.3).
2. As at 28 February 2014.
3. Eight hub stores included in store count of 114 stores.

THE OFFER

Total number of New Shares to be issued under the Offer	79.0 million
Total number of Existing Shares to be sold under the Offer	42.1 million
Total number of Shares on issue at completion of the Offer	163.6 million
Total number of Shares to be held by Existing Shareholders at completion of the Offer ⁴	42.5 million
Offer Price ⁵	\$1.82 per Share
Market capitalisation at the Offer Price ⁶	\$297.7 million

IMPORTANT DATES

Prospectus Date	Monday, 31 March 2014
Retail Offer opens	Tuesday, 8 April 2014
Retail Offer closes	Thursday, 17 April 2014
Settlement	Wednesday, 23 April 2014
Issue and transfer of Shares (completion of the Offer)	Thursday, 24 April 2014
Expected commencement of trading on the ASX (on a deferred settlement basis)	Thursday, 24 April 2014
Expected completion of dispatch of holding statements	Monday, 28 April 2014
Expected commencement of trading on the ASX (on a normal settlement basis)	Tuesday, 29 April 2014

Note: This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEST. The Company and SaleCo, in consultation with the Joint Lead Managers, reserve the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, 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 any 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 early as possible after the Offer opens.

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.

4. Assuming no Existing Shareholders acquire Shares under the Offer.

5. Shares may not trade at or above the Offer Price post-Listing.

6. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue at completion of the Offer.

1 *Investment Overview*



TOPIC	SUMMARY	FOR MORE INFORMATION
A. INTRODUCTION		
What is Burson?	<p>Burson is the largest trade focused⁷ distributor of automotive aftermarket parts in Australia.</p> <p>The automotive aftermarket parts distribution industry supplies replacement parts and consumables used in the service and repair of vehicles. It also includes the sale of accessories and maintenance products to vehicle owners.</p> <p>Burson distributes automotive parts using an extensive distribution network that comprises 114 stores⁸, a 15,000m² distribution centre supported by eight hub stores⁹ and a fleet of over 500 delivery vehicles, all supported by an integrated IT and logistics system and a workforce of over 1,200 knowledgeable employees. Burson's network has access to over 500,000 stock keeping units (SKUs)¹⁰ from in excess of 1,000 suppliers to approximately 30,000 workshops and other customers across Australia. Burson's distribution and store network is spread across Victoria, Queensland, New South Wales, South Australia, Tasmania and the Northern Territory.</p>	<i>Section 3 contains details about Burson and the business it operates</i>
What industry does Burson operate in?	<p>Burson operates in the automotive aftermarket parts distribution industry in Australia. This industry distributes automotive parts and accessories used by workshops and vehicle owners in the servicing and repair of vehicles. Demand for automotive parts and accessories is driven by the total number of registered vehicles on the road in Australia and Burson does not expect demand to be materially affected by the location of vehicle manufacturers. Further, Burson does not expect the decline in the Australian vehicle manufacturing industry to impact the total number of registered vehicles in Australia and demand for parts distributed by Burson. Distributed parts and accessories include filters, oil, electrical parts, brake pads and many other items.</p> <p>There are two types of automotive part distributors in the industry: (i) trade distributors, who primarily focus on the delivery of parts and accessories to workshops and other customers, and also sell parts and accessories in-store to do-it-yourself vehicle owners and other customers, and (ii) retail distributors, who primarily focus on the sale of accessories, vehicle care products, parts and various other products to vehicle owners from their own stores. Some distributors operate with a dual focus on both trade and retail distribution.</p> <p>Burson is a trade focused distributor. It focuses primarily on the distribution of parts for passenger and light commercial vehicles, which represent over 90% of Australian vehicles.</p>	<i>Section 2 contains further information on the automotive aftermarket parts distribution industry</i>

7. Burson defines 'trade focused' as any distributor of automotive aftermarket parts having at least three quarters of its total sales to 'trade customers' (refer to Figure 8 in Section 2.6). Burson defines 'trade customers' as workshops and do-it-yourself vehicle owners (refer to Section 2.2.3).

8. As at 28 February 2014.

9. Eight hub stores included in store count of 114 stores.

10. A stock keeping unit (or SKU) is a distinct item that embodies all attributes associated with the item and that distinguishes it from all other items.

TOPIC	SUMMARY	FOR MORE INFORMATION
Who are Burson's customers?	Burson primarily services workshops, which include independent and chain mechanic workshops and other automotive specialists such as automotive electrical, radiator and air-conditioner workshops. These workshops conduct servicing and repair of vehicles, which involves the replacement of automotive parts and other services. The large majority of servicing is conducted on a same day basis whereby an owner will drop off their vehicle to the workshop for servicing and collect it on the same day. As such, Burson needs to be able to deliver ordered parts within a very short period to the workshop for the servicing to be completed. As a distributor, Burson needs to hold a wide range of parts suitable for the range of vehicles serviced at these workshops. It is also critical that Burson offers a high level of customer service including availability of the right parts, short delivery time and knowledgeable staff.	<i>Section 3.3.4 contains details about Burson's customers</i>
Why is the Offer being conducted?	<p>The Offer is being conducted to provide Burson with:</p> <ul style="list-style-type: none"> • a liquid market for its Shares and an opportunity for others to invest in Burson; • funds to repay, in part, Burson's existing debts and to redeem the outstanding Preference Shares and Loan Notes; and • additional financial flexibility and access to capital markets to pursue the growth opportunities outlined in Section 3.4. <p>The Offer also provides certain Existing Shareholders with an opportunity to realise all or part of their investment in Burson.</p>	<p><i>Section 7 contains details of the Offer</i></p> <p><i>Section 3.4 outlines Burson's growth strategy</i></p>

B. KEY FEATURES OF BURSON'S BUSINESS MODEL

How does Burson generate its income?	Burson primarily receives income from the distribution, delivery and sale of automotive parts to its customers. Sale of automotive parts to workshops accounted for 80% of Burson's pro forma revenue in FY2013. Burson received its remaining income from in-store sales of automotive parts and accessories to walk-in customers who typically comprise do-it-yourself vehicle owners.	<i>Section 3 contains information on Burson and its business operations</i>
What is Burson's strategy?	<p>Burson's strategy is to:</p> <ul style="list-style-type: none"> • maintain the high level of service it provides to customers; • increase the number of workshops it services through expanding its store network; • enhance the range of automotive parts it distributes and the proportion of parts distributed with Burson's own brands; • develop relationships with international manufacturers so that parts are directly sourced from them rather than via domestic wholesale distributors; and • continue to grow its sales from its electronic and online platforms as well as increase in-store sales. <p>This will allow Burson to further capitalise on scale advantages, as well as position Burson to benefit from the growing demand for automotive parts.</p>	<i>Section 3.4 contains details about Burson's growth strategy</i>

TOPIC	SUMMARY	FOR MORE INFORMATION																																																	
How does Burson expect to fund its operations?	<p>Burson’s operations have historically been funded through cash flow generated by operations. Past acquisitions have been funded through a combination of cash flow from operations and debt.</p> <p>After Listing, it is expected Burson will have total debt facilities in place of \$139 million, which will comprise a \$110 million revolving facility for general corporate purposes (including funding acquisition opportunities) and a \$29 million revolving facility for working capital and other general corporate purposes. Both facilities will have a maturity of three years. On Listing, it is expected that Burson will have drawn debt of \$75.2 million and net debt of \$72.7 million (after adjusting for capitalised borrowing costs of \$0.5 million).</p>	Section 9.6 contains details of Burson’s New Banking Facilities																																																	
What is Burson’s pro forma historical and forecast financial performance?	<table><tr><th></th><th colspan="2">Pro Forma Historical Results</th><th colspan="2">Pro Forma Forecast Results</th><th colspan="2">Statutory Forecast Results</th></tr><tr><th>\$ million</th><th>FY2012</th><th>FY2013</th><th>FY2014</th><th>FY2015</th><th>FY2014</th><th>FY2015</th></tr><tr><td>Revenue</td><td>284.3</td><td>306.3</td><td>340.8</td><td>366.4</td><td>340.8</td><td>366.4</td></tr><tr><td>EBITDA</td><td>22.7</td><td>30.2</td><td>35.7</td><td>39.6</td><td>26.9</td><td>39.6</td></tr><tr><td>EBIT</td><td>19.1</td><td>26.3</td><td>31.4</td><td>35.1</td><td>22.6</td><td>35.1</td></tr><tr><td>NPAT</td><td>11.0</td><td>16.0</td><td>19.3</td><td>21.9</td><td>1.1</td><td>21.9</td></tr><tr><td>Earnings per Share (cents)</td><td>–</td><td>–</td><td>0.12</td><td>0.13</td><td>0.01</td><td>0.13</td></tr></table> <p>The Financial Information presented in this table is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.</p>		Pro Forma Historical Results		Pro Forma Forecast Results		Statutory Forecast Results		\$ million	FY2012	FY2013	FY2014	FY2015	FY2014	FY2015	Revenue	284.3	306.3	340.8	366.4	340.8	366.4	EBITDA	22.7	30.2	35.7	39.6	26.9	39.6	EBIT	19.1	26.3	31.4	35.1	22.6	35.1	NPAT	11.0	16.0	19.3	21.9	1.1	21.9	Earnings per Share (cents)	–	–	0.12	0.13	0.01	0.13	Section 4 contains full details of the Financial Information
	Pro Forma Historical Results		Pro Forma Forecast Results		Statutory Forecast Results																																														
\$ million	FY2012	FY2013	FY2014	FY2015	FY2014	FY2015																																													
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EBITDA	22.7	30.2	35.7	39.6	26.9	39.6																																													
EBIT	19.1	26.3	31.4	35.1	22.6	35.1																																													
NPAT	11.0	16.0	19.3	21.9	1.1	21.9																																													
Earnings per Share (cents)	–	–	0.12	0.13	0.01	0.13																																													

C. KEY STRENGTHS

Operates in an attractive industry	<p>The distribution of automotive parts to workshops in Australia is an attractive industry because of its underlying growth, resilient demand and structure.</p> <p>The distribution of automotive parts to workshops has experienced steady growth underpinned by (i) population growth, (ii) increasing number of vehicles per person, (iii) change in the age mix of vehicles (i.e. more vehicles in the four years or older range), (iv) increasing percentage of vehicles serviced by workshops, and (v) an increase in the value of parts sold.</p> <p>Demand for automotive parts distributed by Burson is resilient because:</p> <ul style="list-style-type: none"> • parts are critical to vehicle servicing. Vehicle servicing is driven by the number of kilometres travelled, with the number of kilometres travelled by passenger and light commercial vehicles not significantly impacted by economic conditions; • volatility in new vehicle sales does not directly impact demand as parts distributed by Burson are predominantly used to service vehicles that are aged four years or older; and • Burson does not expect demand for parts to be affected by the decline in the Australian vehicle manufacturing industry. Burson distributes parts for a wide range of vehicle makes and models irrespective of where the vehicle is manufactured. Demand for Burson's services is driven by the total number of registered vehicles on the road in Australia and not the location of vehicle manufacture. 	Section 2 contains details about the industry in which Burson operates
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TOPIC	SUMMARY	FOR MORE INFORMATION
<p>Operates in an attractive industry</p> <p><i>continued</i></p>	<p>The range of parts required by workshops has expanded as the number of vehicle makes and models sold in Australia has increased. Australia has one of the largest range of makes and models among developed countries. The requirement to hold and distribute an increasing range of parts has led to larger distributors expanding their store and distribution network while putting pressure on smaller distributors' ability to compete. Burson has been a beneficiary of this trend, having expanded its store network from 81 in May 2011 to 114 as at 28 February 2014.</p>	<p><i>Section 2 contains details about the industry in which Burson operates</i></p>
<p>Leading industry position</p>	<p>Burson is the largest trade focused automotive aftermarket parts distributor in Australia. Burson has a strong industry position in Victoria, Queensland, New South Wales, Tasmania, South Australia and the Northern Territory. The scale of Burson's distribution network provides a number of strengths over smaller distributors, including the ability to:</p> <ul style="list-style-type: none"> • hold and distribute a wide and complex range of automotive parts: this enables Burson to distribute to a broad range of mechanics who each service various vehicle makes and models, and also to supply more parts to each of those mechanics. Distributing more parts across an existing distribution network creates economies of scale; • operate an extensive store network: this allows Burson to (i) share best-practice store operating methods across its network, (ii) operate a store network that is in close proximity to its customers and is supported by a fleet of over 500 delivery vehicles to facilitate frequent delivery of parts and components, and (iii) service large chain workshops who contract with larger distributors on a national or regional basis; • ensure the right parts are available for immediate delivery: Burson's extensive distribution network, supply chain and sophisticated management systems combine to ensure the right parts among over 500,000 SKUs are available in the right stores for prompt delivery to workshops. Workshops typically require parts within an hour of ordering so the availability of the right parts and "just-in-time" delivery are important; • attract and retain knowledgeable staff: the ability to understand the full range of automotive parts and their technicalities is important to providing workshops with a high level of customer service. Workshops do not want to have to explain in detail each of the parts they need and therefore staff must be able to receive orders with limited explanation from mechanics; • secure procurement benefits: as the largest trade focused automotive parts distributor in Australia, Burson is in a strong position to be able to secure procurement benefits with domestic and international suppliers, which may not be available to smaller trade focused distributors; and • benefit from centralised systems and back office services: Burson's centralised enterprise resource planning system (which manages inventory levels in all of Burson's stores and Burson's distribution centre) and its centralised support functions create scale benefits across its network. 	<p><i>Section 3.3 contains information on Burson's business model</i></p>

TOPIC	SUMMARY	FOR MORE INFORMATION
Distribution network provides competitive advantages	<p>Burson's extensive store and distribution network gives it a competitive advantage through:</p> <ul style="list-style-type: none"> • an integrated supply chain with an extensive store network, centralised distribution centre, fleet of over 500 delivery vehicles, modern IT and logistics system, and over 1,200 employees; • stores located in close proximity to workshops, enabling frequent and short delivery times; • longstanding customer relationships with workshops; • access to knowledgeable staff to sell products to workshops; and • strong relationships with part suppliers that enable Burson to offer customers a higher quality service at a competitive price. 	Section 3.3.3 contains details of Burson's store network
Positioned to expand its store network	<p>Burson is well positioned to expand its store network. There are in excess of 1,900 automotive aftermarket parts distribution stores throughout Australia, with in excess of 1,000 owned by smaller, independent or franchisee operators. The number of stores operated by smaller, independent distributors has been decreasing as Burson and others have grown their distribution network.</p> <p>Burson has a track record of store expansion, increasing the number of stores from 81 in May 2011 to 114 as at 28 February 2014, which is an average of 12 additional stores per annum over this period. Store network expansion has mainly resulted from the acquisition of independent stores complemented by the establishment of new stores.</p> <p>Burson believes it can expand its network to 175 stores over the next five years. Burson has identified multiple store expansion opportunities, which it is actively working on:</p> <ul style="list-style-type: none"> • Queensland and New South Wales present the largest opportunities for store expansion in the states in which Burson currently operates. In these states, Burson is the second largest store operator and has identified multiple locations for further expansion; • Western Australia, where Burson does not currently operate, accounts for 12% of passenger and light commercial vehicles in Australia and has been targeted as a key potential growth area; • the Australian Capital Territory, where Burson does not currently operate, is a potential territory for new stores to be established; and • Victoria presents an opportunity for Burson to strengthen its distribution network in select metropolitan and regional areas. <p>Burson has held discussions with various parties in relation to one such potential acquisition of stores in Western Australia, including Automotive Holdings Group in relation to the Cova parts stores and Veale Auto Parts. Burson is currently in confidential and exclusive discussions in relation to a potential acquisition that would add a significant number of stores to its distribution network and would be complementary to Burson's existing business (refer to Section 3.4.1.1 for further information).</p> <p>Burson is positioned to fund continued store expansion from operating cash flows and debt facilities it expects to have in place after Listing. These debt facilities (summarised in Section 9.6) will have undrawn funds of \$36.5 million in the revolving facility for general corporate purposes (including funding acquisition opportunities) following Completion.</p>	Section 3.4.1 contains details of Burson's store network expansion strategy

TOPIC	SUMMARY	FOR MORE INFORMATION
Positioned to expand its store network <i>continued</i>	<p>Store expansion has been a source of profitable earnings growth and return on investment for Burson. This has been underpinned by the attractive price paid for acquired stores and the earnings growth Burson has achieved post acquisition. Earnings growth in stores has come from (i) use of procurement benefits Burson has with suppliers, (ii) expansion of the range of parts distributed, (iii) benefits of Burson's modern IT and logistics system, (iv) sales to workshop chains, (v) reduction of administration and accounting overheads through centralisation, and (vi) improved operating techniques.</p>	<p><i>Section 3.4.1 contains details of Burson's store network expansion strategy</i></p>
Access to multiple other growth opportunities	<p>Burson is well positioned to continue a number of ongoing growth initiatives:</p> <ul style="list-style-type: none"> • increase existing store revenue and earnings: as the largest trade focused distributor of automotive aftermarket parts in Australia, Burson is positioned to benefit from industry growth that it expects to be at a compound annual growth rate of approximately 3% per annum over the short to medium term. To support this, Burson has been implementing systems and a staff talent investment program to grow sales and profits; • increase revenue from workshop chains: as Burson's store network continues to expand, Burson is in a stronger position to service large chain workshops (e.g. Ultra Tune, Kmart Tyre & Auto, Midas, NRMA, and Goodyear Autocare) who contract with distributors on a regional or national basis. Burson has experienced strong growth in sales to large chain workshops over the last two years; • enhance product range: Burson will continue to expand its product range and further increase the range of parts within its own brand. Product range expansion involves extending the inventory range held at stores, as well as distributing new part ranges (e.g. European branded and 4WD parts). Burson will also add product categories to its current range of high quality privately labelled products which it sells under the Burson, Motorgear and Boston Mechanic brands; • implement direct sourcing: direct sourcing will allow Burson to access parts at cheaper price points directly from the manufacturer and result in higher gross margins on these parts; and • grow electronic ordering, in-store and online sales: Burson continues to invest in activities that promote growth in sales via these channels. 	<p><i>Section 3.4 contains details of Burson's growth strategy</i></p>
Strong financial track record	<p>Burson has a track record of revenue and EBITDA growth, together with strong cash flow generation. Pro forma consolidated EBITDA has grown from \$22.7 million in FY2012 and is forecast to reach \$39.6 million in FY2015, representing 20% compound annual growth. Growth is driven by:</p> <ul style="list-style-type: none"> • increase in same store sales, which is underpinned by long term market growth and resilient demand for distribution of parts; • continued expansion of Burson's store network which has seen Burson grow from 81 stores in May 2011 to 114 as at 28 February 2014; • increasing gross margins as Burson has repositioned customer pricing and renegotiated supplier terms; and • operating leverage in Burson's cost base. <p>Burson has delivered strong cash flow generation while investing in its business and expanding its store network.</p>	<p><i>Section 4 contains details about Burson's financial performance</i></p>

TOPIC	SUMMARY	FOR MORE INFORMATION
Highly experienced management team	<p>Burson's management team has considerable experience in distributing automotive aftermarket parts to workshops, the broader automotive sector as well as general industrial sectors.</p> <p>The Senior Management team is led by Chief Executive Officer, Darryl Abotomey, who has more than seven years' experience in the automotive aftermarket parts distribution industry. Darryl has led Burson since 2011 and was previously Chief Financial Officer at a competitor of Burson for four years. Darryl also has extensive management experience with other industrial businesses.</p> <p>Burson's Chief Financial Officer, Greg Fox, has more than 25 years' experience in the automotive, industrial and public accounting sectors including seven years in senior financial roles at Amcor Limited.</p> <p>The broader Senior Management team has extensive experience in automotive and industrial sectors.</p>	Sections 6.1 and 6.2 contain further details on the experience of the Board and Senior Management
D. KEY RISKS		
Increased competition	The Australian automotive aftermarket parts distribution industry is competitive and Burson may face increased competition from existing competitors (including through consolidation and downward price pressure), new competitors that enter the industry, vehicle manufacturers, and new technologies or technical advances in vehicles or their parts. Increased competition could have an adverse effect on the financial performance, industry position and future prospects of Burson.	Section 5.2.1 contains further information
Increased bargaining power of customers	A significant majority of Burson's sales is derived from repeat orders from customers. Burson may experience increased bargaining power from customers due to consolidation of existing workshops forming larger chains, greater participation of existing workshops in purchasing and buying groups, and closure of independent workshops resulting in greater market share of larger chains. An increase in bargaining power of customers may result in a decrease in prices or loss of customer accounts, adversely affecting Burson's sales and profitability.	Section 5.2.2 contains further information
Supplier pressure or relationship damage	Burson's business model depends on having access to a wide range of automotive parts, in particular parts with established brands that drive customer orders. An increase in pricing pressure from suppliers or a damaged relationship with a supplier may increase the prices at which Burson procures parts or limit Burson's ability to procure parts from that supplier. If prices of parts increase, Burson will be forced to pass on or absorb the price increases, which may result in a decreased demand for Burson's products or a decrease in profitability. If Burson is no longer able to order parts from a key supplier, Burson may lose customer orders and accounts, resulting in lower sales. Any decline in demand, sales or profitability may have an adverse effect on Burson's business and financial performance.	Section 5.2.3 contains further information
Acquisition risk	<p>A key part of Burson's growth strategy is to increase the size of its store network, which it intends to do principally through store acquisitions. If suitable acquisition targets are not able to be identified, or acquisitions are not able to be made on acceptable terms, then this will limit Burson's ability to execute its growth strategy within its expected timeframe.</p> <p>Further, newly acquired stores may not prove to be as successful as Burson anticipates, including due to issues arising from integrating new businesses. This could negatively impact Burson's financial performance and its capacity to pursue further acquisitions.</p>	Section 5.2.4 contains further information

TOPIC	SUMMARY	FOR MORE INFORMATION
Postponement of servicing	Sales of automotive parts are impacted by the frequency of vehicle servicing. Any postponement of servicing by vehicle owners, either through delaying the service or opting-out of particular jobs, is likely to decrease the demand for automotive parts. Postponed servicing may be a result of general economic conditions or vehicle manufacturers increasing their service intervals. Burson's revenue generation is likely to be negatively affected by the postponement of servicing.	<i>Section 5.2.5 contains further information</i>
Business disruptions	Burson's business relies upon various systems and processes, including in relation to ordering, stocking and distributing parts from its distribution centre. A disruption in these systems and processes, in particular those at the distribution centre, can affect part availability across Australia and result in delays in the delivery of parts to Burson's customers. Stock-outs and delays in delivery can have the short term effect of lost orders for the period as well as the longer term consequence of the loss of customer accounts. Loss of orders and customer accounts would result in a decrease in Burson's revenue and earnings.	<i>Section 5.2.6 contains further information</i>
Unfavourable vehicle trends	Demand for automotive parts can be negatively affected by unfavourable vehicle trends, including decreases in the number of vehicles, the average vehicle age or vehicle usage. If there is a decline in demand for automotive parts, Burson's revenue and profitability may be adversely affected.	<i>Section 5.2.7 contains further information</i>

E. KEY OFFER STATISTICS

What are the key Offer Statistics?	Offer Price per Share	\$1.82	<i>Section 7 contains further details about the Shares made available under the Offer</i>
	Total number of Shares available under the Offer ¹¹	121.0 million	
	Total cash proceeds from the Offer ¹²	\$220.3 million	
	Total number of Shares on issue prior to the Offer	84.6 million	<i>Section 7.1.2 contains further details about the purpose and use of proceeds of the Offer</i>
	Total number of issued Shares on Completion	163.6 million	
	Market capitalisation at the Offer Price ¹³	\$297.7 million	
	Pro forma net debt (as at 31 December 2013)	\$72.7 million	
	Enterprise value ¹⁴	\$370.5 million	

11. Includes the issue of New Shares by Burson and the transfer of Existing Shares through SaleCo.

12. \$143.8 million of this will be paid to Burson with the remaining \$76.6 million being paid to the Selling Shareholders under their arrangements with SaleCo (refer to Section 9.3).

13. The total number of issued Shares on Completion multiplied by the Offer Price per Share.

14. The sum of market capitalisation at the Offer Price and pro forma net debt (as at 31 December 2013).

TOPIC	SUMMARY	FOR MORE INFORMATION
What are the key investment metrics? ¹⁵	Enterprise value/pro forma consolidated FY2015 forecast EBITDA ¹⁶	9.4x
	Enterprise value/pro forma consolidated FY2015 forecast EBIT ¹⁷	10.6x
	Offer Price/pro forma consolidated FY2015 forecast NPAT per Share ¹⁸	13.6x
	FY2015 forecast annualised dividend yield ¹⁹	4.8%
	Key Ratios	
	Net debt/pro forma consolidated FY2014 forecast EBITDA ²⁰	2.0x
	Pro forma consolidated FY2015 forecast EBITDA/pro forma consolidated FY2015 forecast net interest expense ²¹	10.4x
	Pro forma consolidated FY2015 forecast EBIT/pro forma consolidated FY2015 forecast net interest expense ²¹	9.2x

Section 4 contains further details about Burson's historical and forecast financial position and performance

F. DIRECTORS AND KEY MANAGEMENT

Who are the Directors of Burson?	<ul style="list-style-type: none"> • Robert McEniry, Independent, Non-Executive Chairman • Darryl Abotomey, Chief Executive Officer • Andrew Harrison, Independent, Non-Executive Director • Therese Ryan, Independent, Non-Executive Director • Burson anticipates that it will appoint a fifth Director later in 2014 	<i>Section 6.1 contains details about the experience of each of the Directors</i>
Who are the key management of Burson?	<ul style="list-style-type: none"> • Darryl Abotomey, Chief Executive Officer • Greg Fox, Chief Financial Officer • Andrew Schram, General Manager Merchandising and Procurement • Craig Magill, General Manager Sales and Marketing • Brendan Redmond, General Manager Store Operations • Peter Ruffy, Human Resources Manager 	<i>Section 6.2 contains details about the experience of each of the Senior Managers</i>

15. The investment metrics presented in this section are derived from the Financial Information in Section 4. Accordingly, the investment metrics should be read in conjunction with the more detailed discussion of the Historical Financial Information and the Forecast Financial Information in Section 4, as well as the risk factors set out in Section 5.

16. Based on FY2015 EBITDA of \$39.6 million.

17. Based on FY2015 EBIT of \$35.1 million.

18. Based on FY2015 NPAT per Share of \$0.13.

19. FY2015 dividend per share divided by Offer Price per Share; FY2015 dividend based on a 65% dividend payout ratio.

20. Based on FY2014 EBITDA of \$35.7 million.

21. Based on pro forma consolidated FY2015 forecast net interest expense of \$9.4 million.

TOPIC	SUMMARY	FOR MORE INFORMATION
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G. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

Who are the Existing Shareholders and what will be their interest in Burson at Completion?

Existing Shareholders	Shares at Prospectus Date	% pre-IPO	Shares issued/acquired/(sold)	Shares immediately post-IPO	% post-IPO
Quadrant Funds	72,955,000	86.2%	(40,417,070)	32,537,930	19.9%
Darryl Abotomey	2,599,210	3.1%	(1,039,684)	1,559,526	1.0%
Other Management	3,245,790	3.8%	(604,830)	2,640,960	1.6%
Other Existing Shareholders	5,800,000	6.9%	–	5,800,000	3.5%
New Shares to be issued under the Offer or at Completion	–	–	78,985,666	78,985,666	48.3%
Existing Shares to be sold under the Offer	–	–	42,061,584	42,061,584	25.7%
Total	84,600,000	100%	78,985,666	163,585,666	100%

Certain Existing Shareholders have agreed to sell some or all of their Shares to SaleCo (who in turn will make available those Shares under the Offer). The Quadrant Funds have agreed to retain 44.6% of their Existing Shares.

Each existing holder of shares in Burson will receive the Pre-IPO Dividend, being a dividend of \$0.44 per share payable to Existing Shareholders immediately prior to Completion.

Section 6.3.2.6 contains detail about Burson's transactions with related parties

Section 9.3 contains further information on the sale of Shares by SaleCo

What significant benefits and interests are payable to Directors and other persons connected with Burson or the Offer?

Director	Shares held on Completion	% post-IPO	Performance Rights held on Completion ²²
Robert McEniry	–	–	–
Darryl Abotomey	1,559,526	1.0%	242,308
Andrew Harrison	–	–	–
Therese Ryan	–	–	–

The above table does not take into account any Shares the Directors may acquire under the Offer.

Directors are entitled to remuneration and fees on commercial terms.

Darryl Abotomey and members of Senior Management will receive grants of Performance Rights on or around Completion pursuant to the terms of the Long Term Incentive Plan.

In addition, if a successful Listing is achieved, Darryl will receive a one-off payment of \$1,377,736 and certain Senior Managers will receive one-off payments totalling \$1,008,466.

Advisers and other service providers are entitled to fees for services as disclosed in Section 6.3.

Section 6.3.2 contains details of the Directors' interests and remuneration

Section 6.3.1 contains details of the fees payable to advisers

Section 9.4.2 contains details about the Long Term Incentive Plan

22. The number of Performance Rights is based on the Offer Price.

TOPIC	SUMMARY	FOR MORE INFORMATION
Will any Shares be subject to restrictions on disposal following Completion?	<p>Existing Shares held at Listing by the Escrowed Shareholders (other than any Shares acquired by them under the Offer) will be subject to disposal restrictions as follows:</p> <ul style="list-style-type: none"> all 32,537,930 Shares held by the Quadrant Funds following Completion will be subject to voluntary escrow restrictions until the date on which Burson's full year results for the period ending 30 June 2015 are released to the ASX, subject to a potential partial early release as set out below; and all 1,559,526 Shares held by Darryl Abotomey, and 1,303,422 Shares held by certain Other Management Shareholders, following Completion will be subject to voluntary escrow restrictions until the date which is the earlier of the date on which Burson's full year results for the period ending 30 June 2015 are released to the ASX and the date that is 10 business days after the date on which the relevant Escrowed Shareholder ceases to be an employee of the Burson Group if his employment is terminated due to his death or is terminated by the Burson Group due to serious disability or permanent incapacity (as determined by the Board acting reasonably). <p>After these dates, all of the relevant Existing Shares will be released from the voluntary escrow restrictions.</p> <p>Subject to certain exceptions, the Escrowed Shareholders may not dispose of their escrowed Shares whilst those escrowed Shares are subject to voluntary escrow arrangements.</p> <p>In the case of the Quadrant Funds, one of the exceptions to their voluntary escrow arrangements will permit them to each dispose of up to 25% of their escrowed Shares (in one or more transactions) at least 10 business days after both of the following conditions have been satisfied:</p> <ul style="list-style-type: none"> the half year results of the Company for the period ending 31 December 2014 have been released to the ASX; and the Company VWAP on each trading day comprising the Company VWAP Period is at least 20% higher than the Offer Price. <p>The Company VWAP on any trading day prior to the Relevant Date is not relevant to determining whether the exception is available.</p>	<p><i>Section 7.6.1 contains details about the voluntary escrow arrangements</i></p>
H. PROPOSED USE OF FUNDS AND KEY TERMS AND CONDITIONS OF THE OFFER		
What is the Offer?	<p>Burson is offering to issue 79.0 million New Shares to raise \$143.8 million and SaleCo is offering to transfer 42.1 million Existing Shares to raise \$76.6 million.</p> <p>All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all Existing Shares.</p>	<p><i>Section 7.1 contains details about the Offer</i></p> <p><i>Section 7.10 contains a summary of the rights attaching to Shares</i></p>
Who are the issuers of this Prospectus?	<p>Burson Group Limited ABN 80 153 199 912, a company incorporated in Victoria, Australia and Burson SaleCo Pty Limited ACN 168 580 247, a company incorporated in Victoria, Australia.</p>	<p><i>Section 7.1 contains further information</i></p>

TOPIC	SUMMARY	FOR MORE INFORMATION
What is SaleCo and what is its involvement in the Offer?	<p>SaleCo is a special purpose vehicle established to sell Shares acquired from Selling Shareholders. The Selling Shareholders have executed deeds under which they have agreed to sell Existing Shares to SaleCo free from encumbrances and third party rights and conditional on (among other things) the Underwriting Agreement not having being terminated as at the date of settlement of the Offer. The Selling Shareholders have agreed to sell in total 42.1 million Existing Shares to SaleCo.</p> <p>The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to Successful Applicants at the Offer Price.</p>	<i>Section 9.3 contains details about SaleCo and the arrangements with Burson and the Selling Shareholders</i>
What is the proposed use of funds raised pursuant to the Offer?	Proceeds received by Burson for the issue of Shares will be used to repay debt, ²³ redeem outstanding Preference Shares and Loan Notes, further strengthen Burson's balance sheet and pay the costs of the Offer. The proceeds received by or on behalf of SaleCo will be paid to those Selling Shareholders who sell Existing Shares to SaleCo.	<i>Section 7.1.2 contains details about the use of the proceeds of the Offer</i>
Will the Shares be quoted on the ASX?	<p>Burson has applied to the ASX for admission to the Official List and quotation of Shares on the ASX under the code BAP.</p> <p>Completion of the Offer is conditional on the 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>	<i>Section 7.9 contains details about Listing</i>
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> the Broker Firm Offer; the Employee Offer; and the Institutional Offer, which consists of an invitation to acquire Shares made to Institutional Investors. 	<i>Sections 7.3, 7.4, 7.5 and 9.4.3 contain further information</i>
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers.	<i>Section 9.5 contains details about the Underwriting Agreement, including when it may be terminated by the Joint Lead Managers</i>
What is the allocation policy?	<p>The allocation of Shares between the Retail Offer (comprising the Broker Firm Offer and the Employee Offer) and the Institutional Offer was determined by the Joint Lead Managers in consultation with Burson, having regard to the allocation policies outlined in Sections 7.3.4, 7.4.5 and 7.5.2. The Joint Lead Managers, in consultation with Burson, had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.</p> <p>For Broker Firm Offer Applicants, the relevant Broker will decide how they allocate Shares among their retail clients.</p>	<p><i>Section 7.3 contains details about the Broker Firm Offer</i></p> <p><i>Sections 7.4 and 9.4.3 contain details about the Employee Offer and Employee Salary Sacrifice Share Plan</i></p> <p><i>Section 7.5 contains details about the Institutional Offer</i></p>

23. An amount of \$37.2 million will be drawn down under an existing debt facility to pay the Pre-IPO Dividend.

TOPIC	SUMMARY	FOR MORE INFORMATION
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	<i>Section 7.2 for further information</i>
What are the tax implications of investing in the Shares?	You may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in Shares will depend upon your particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	<i>Section 9.10 contains a general outline of Australian tax implications of investing in Shares by Australian tax residents</i>
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 24 April 2014 – 28 April 2014.	<i>Section 7.9 and Important Dates on page 3</i>
What is Burson's dividend policy?	<p>No dividend will be paid following Listing in respect of FY2014.</p> <p>The payment of a dividend by Burson is at the discretion of the Directors and will be a function of a number of factors outlined in Section 4.9. Having regard to these factors, it is the Board's current intention to target a payout ratio of 65% of statutory NPAT in FY2015.</p> <p>Beyond FY2015, the Directors intend to target a payout ratio of between 60% and 70% of statutory NPAT depending on the factors outlined in Section 4.9; in particular, 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.</p> <p>It is the current intention of the Board to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year. It is expected that all future dividends will be franked to the maximum extent possible.</p>	<i>Section 4.9 contains details about Burson's dividend policy</i>
How can I apply?	<p>You may apply for Shares by completing a valid Application Form (attached to or accompanying this Prospectus).</p> <p>To the extent permitted by law, an Application under the Offer is irrevocable.</p>	<i>Section 7.3.2</i>
Can the Offer be withdrawn?	<p>Burson and SaleCo reserve the right not to proceed with the Offer at any time before the allocation of Shares to Successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded by the Share Registry, your Broker or Burson.</p> <p>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	<i>Section 7.8</i>
Where can I find more information about this Prospectus or the Offer?	Please call the Burson Offer Information Line on 1300 706 137 (toll free within Australia) or +61 3 9946 4427 (outside Australia) from 9.00am until 5.00pm (AEST) Monday to Friday. If you are unclear about any matter or are uncertain as to whether Burson 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.	

2 Industry Overview



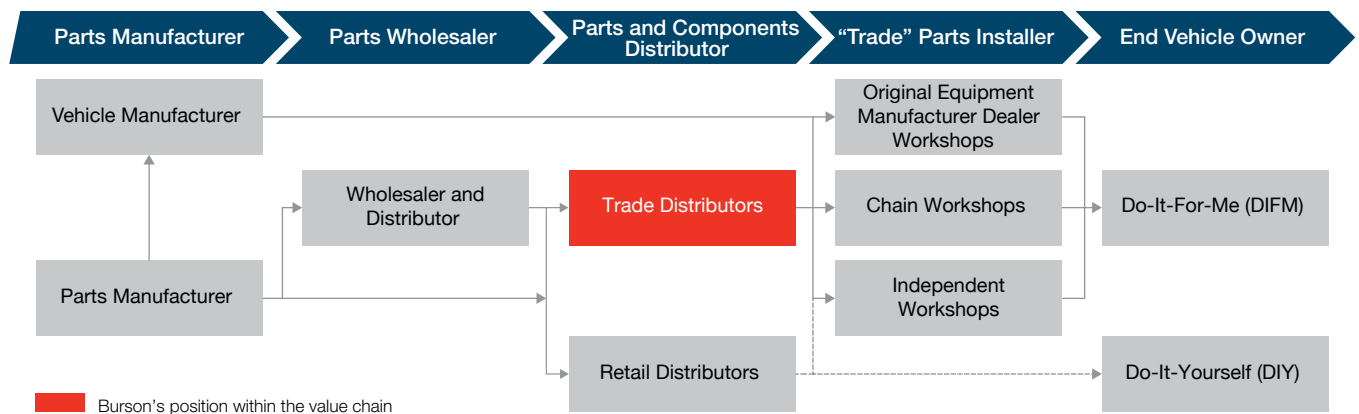
2.1. AUTOMOTIVE PARTS VALUE CHAIN

Automotive parts are used in the manufacture, service and repair of 17.2 million registered vehicles in Australia. The automotive parts value chain involves a number of participants, including:

- **part manufacturers:** who manufacture a wide range of parts used in the manufacture of new vehicles as well as the ongoing servicing and repair of vehicles. The majority of parts are manufactured outside of Australia;
- **wholesalers and distributors:** who procure original equipment manufacturer (OEM), genuine and non-genuine branded automotive parts and accessories from manufacturers;
- **part and component distributors:** who purchase parts from wholesalers, distributors and part manufacturers and distribute such parts to those that require them in the servicing and repair of vehicles (workshops and do-it-yourself vehicle owners); and
- **workshops:** who require automotive parts and accessories to service and repair vehicles on behalf of their owners (do-it-for-me). Workshops include independent, chain and OEM dealer workshops and other automotive specialists such as automotive electrical, radiator and air-conditioner workshops.

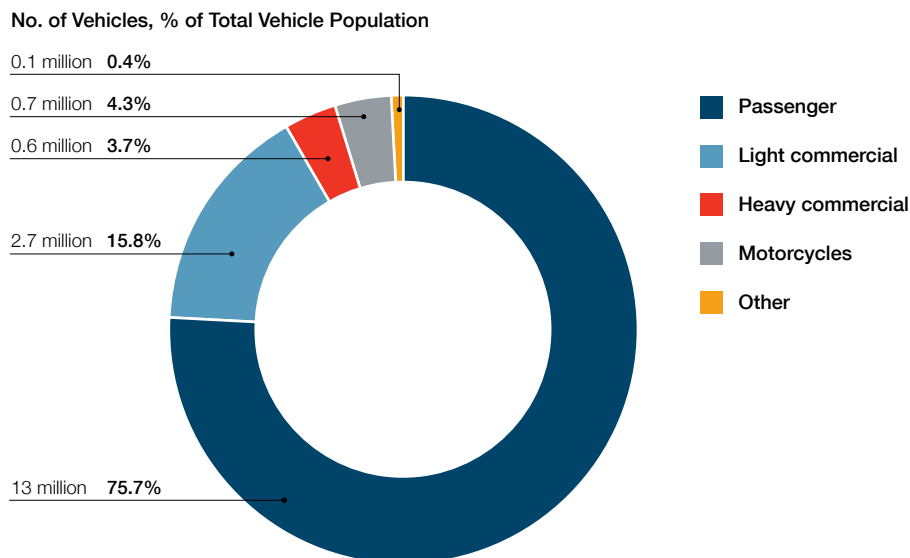
Figure 1 outlines the value chain for automotive parts in Australia.

FIGURE 1: AUSTRALIAN AUTOMOTIVE PARTS VALUE CHAIN



Of the 17.2 million registered vehicles in Australia, the most common types of vehicles are passenger and light commercial vehicles which accounted for 92% of all vehicles in 2013. Burson focuses on the distribution of parts and accessories used in the servicing of passenger and light commercial vehicles. Figure 2 shows the breakdown of the Australian vehicle population by type of vehicle.

FIGURE 2: AUSTRALIAN VEHICLE POPULATION BY VEHICLE TYPE²²



Source: Burson

24. Heavy commercial vehicles comprise light rigid trucks, heavy rigid trucks, articulated trucks and buses. Other vehicles comprise campervans and non-freight vehicles.

2.2. AUTOMOTIVE AFTERMARKET PARTS DISTRIBUTION INDUSTRY

The automotive aftermarket parts distribution industry focuses on the distribution of parts and accessories required for vehicle servicing and repair. The structure of the industry varies depending on who is performing the vehicle servicing:

- **Do-it-for-me:** vehicle owners have a workshop perform the servicing and as such, the workshop is purchasing parts and accessories from the distributor. These parts and accessories are provided by trade distributors such as Burson; and
- **Do-it-yourself:** vehicle owners service their own vehicle who purchase parts and accessories required for such servicing from a store operated by either a trade distributor or retail distributor.

2.2.1. Trade and retail distributors

Trade distributors generate the majority of their income from the delivery of parts and accessories to workshops, but also generate a portion of their income from the sale of parts and accessories in-store to do-it-yourself vehicle owners and other customers. The large majority of servicing by workshops is conducted on a same day basis whereby an owner will drop off their vehicle to the workshop for servicing and collect it on the same day. As such, workshops need a distributor that holds a wide range of parts suitable for the large number of vehicle makes and models in Australia, and offers a high level of customer service including availability of the right parts, short delivery time and knowledgeable staff. Trade distribution stores are typically located in close proximity to workshops (to allow frequent and timely delivery) and employ staff with specialist knowledge to receive orders from workshops.

Retail distributors typically operate stores in more prominent, high foot traffic locations as they rely on customers coming into their store to make sales rather than delivering parts to customers. Parts are only one type of product sold by retail distributors from their stores. Sales are heavily weighted towards vehicle care products, accessories and various other products not specifically required for vehicle servicing and repair (e.g. accessories such as audio systems, roof racks, products to personalise vehicles, general tools and camping accessories).

Burson is a trade distributor having generated 80% of its FY2013 pro forma revenue from the delivery of parts and accessories to workshops. The remaining 20% of FY2013 pro forma revenue was generated from in-store sales to do-it-yourself vehicle owners and other customers.

2.2.2. Parts and accessories distributed and sold

There are approximately 413 different models within the 13 million registered passenger vehicles in Australia – one of the most diverse vehicle populations among developed countries. As a result, a broad range of parts and accessories are required for the repair and servicing of vehicles in Australia. The parts and accessories required for vehicle servicing include oil and air filters, brake pads, oils and lubricants, fan belts, water pumps, electrical parts and accessories, and engine parts. These parts are supplied by more than 1,000 suppliers and manufacturers. Parts can carry the manufacturer's own brand or be privately branded by the distributor. The industry also distributes larger parts such as panels, windscreens (typically used for repair of vehicles after an accident) and replacement tyres; however this is not a segment of the industry in which Burson operates.

2.2.3. Customers

As a trade distributor, Burson primarily focuses on servicing workshops and do-it-yourself vehicle owners. Retail distributors focus on servicing do-it-yourself vehicle owners for their servicing and repair needs as well as other individuals interested in purchasing vehicle care products, tools and other products.

Workshops

Workshops comprise three distinct groups: (i) independent and chain workshops, (ii) OEM dealer workshops, and (iii) other automotive specialists. The majority of vehicles serviced by independent and chain workshops are four years or older and the majority of vehicles serviced by OEM dealer workshops are three years or younger. This is a result of vehicle manufacturers recommending that owners service their vehicle at an OEM dealer workshop during the new vehicle warranty period (which is generally two to three years). Whilst owners are legally able to choose to service their vehicle at independent and chain workshops during the new vehicle warranty period, the majority generally choose to return to the OEM dealer workshop.

There are over 30,000 chain and independent workshops in Australia. The leading chain workshops include Ultra Tune, Kmart Tyre & Auto, Midas, NRMA and Goodyear Autocare. These groups typically work as franchises or supported repair banner groups with centralised management. Independent workshops are smaller and operate on a local basis typically employing one to five mechanics. A significant number of independent workshops belong to a co-operative called Capricorn Society that establishes credit and payment terms for its members. Burson estimates that chain and independent workshops serviced 7.4 million registered passenger vehicles (57% of registered passenger vehicles) in FY2013. The remaining registered passenger vehicles were serviced by OEM dealer workshops and do-it-yourself vehicle owners.

OEM dealer workshops focus on servicing vehicles sold at their dealership. This largely comprises vehicles that are under their new vehicle warranty period, whereby the dealer workshop will undertake regular servicing and conduct warranty repairs. The majority of parts required for such servicing are sourced from the vehicle manufacturer but some parts are also secured via trade distributors such as Burson.

Other automotive specialists include automotive electrical, radiator and air-conditioner workshops, service stations, transport companies and professionals in adjacent industries that use motor parts (e.g. marine mechanics). These customers purchase parts, tools and consumables in-store as well as have them delivered.

Do-it-yourself vehicle owners

Burson estimates that approximately 15% of all passenger vehicles in Australia are serviced by vehicle owners themselves, with a majority of self-serviced vehicles being seven years or older. The parts, accessories and consumables used in servicing of these vehicles are purchased in-store or online from trade or retail distributors.

2.3. SIZE AND VALUE OF THE AUTOMOTIVE AFTERMARKET PARTS DISTRIBUTION INDUSTRY

The size and industry position of a distributor is typically estimated by the number of stores they operate. There are in excess of 1,900 automotive aftermarket distribution stores in Australia operated by trade and retail distributors. Burson is a trade focused distributor and operates 114 stores (as at 28 February 2014).

Burson estimates the automotive aftermarket parts distribution industry generated approximately \$13.7 billion of revenue in FY2013. Of this figure, Burson estimates that trade distributors generated approximately \$5.1 billion of revenue. For the segment of the industry in which Burson operates (trade distribution of parts and accessories for maintenance and servicing of passenger and light commercial vehicles), Burson estimates that trade distributors generated approximately \$3.8 billion of revenue in FY2013, comprising approximately \$2.0 billion in sales to independent and chain workshops and do-it-yourself vehicle owners (Burson's core focus) and \$1.8 billion in sales to OEM dealer workshops and other automotive specialists.

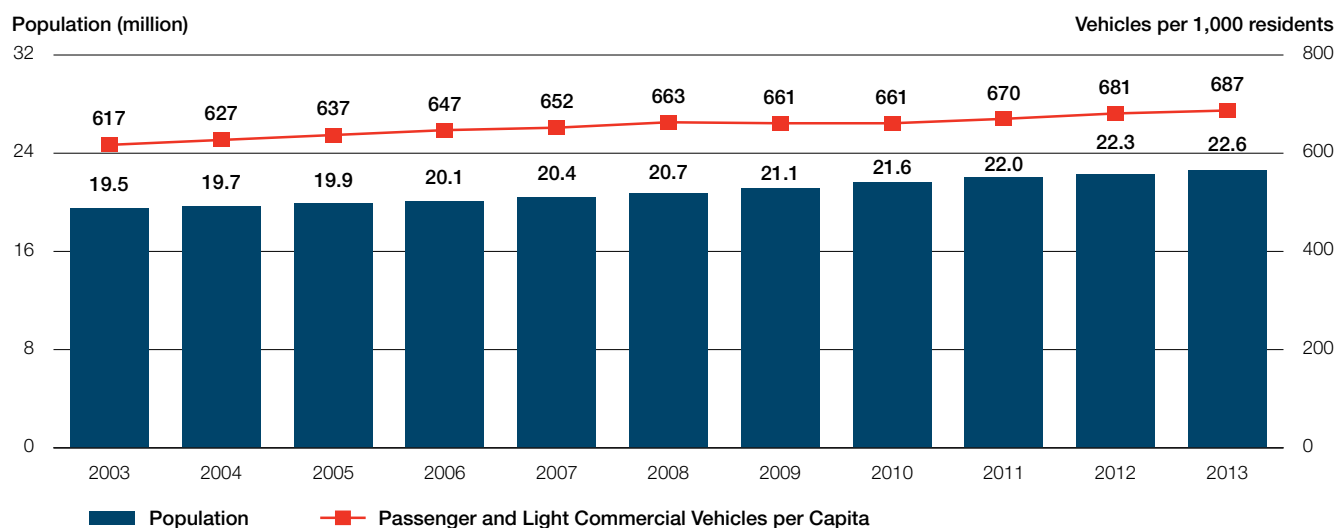
2.4. GROWTH IN TRADE DISTRIBUTION

Revenue generated by trade distributors is growing as a result of four main drivers: (i) population growth and the increasing number of vehicles per person, (ii) change in the age mix of vehicles, (iii) growing demand for trade distribution (vs. retail distribution), and (iv) increasing value of parts and accessories sold by trade distributors. These factors have contributed to the historic growth in demand for parts supplied by trade distributors and are expected to continue to underpin future growth. Burson estimates these factors will result in a compound annual growth rate of approximately 3% for the value of trade distribution over the short to medium term.

2.4.1. Growing population and increasing vehicles per person

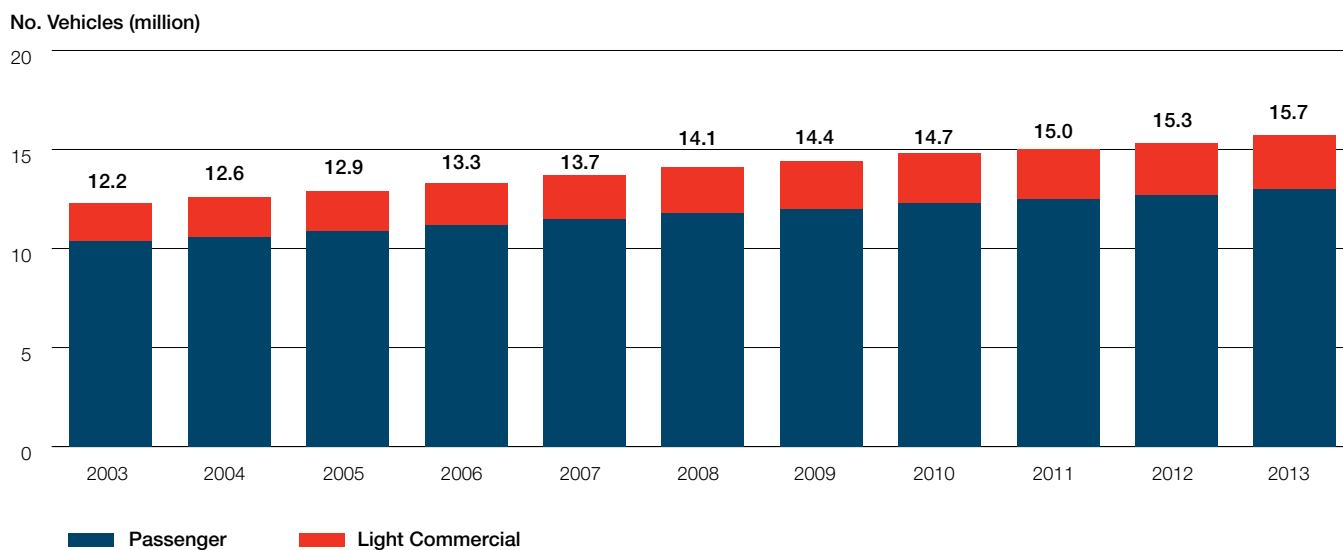
Australia's population grew at a compound annual growth rate of 1.6% between the years of 2003 and 2013 and the number of passenger and light commercial vehicles per 1,000 residents grew from 617 vehicles to 687 vehicles over the same period. This resulted in the number of passenger and light commercial vehicles in Australia growing at a compound annual growth rate of 2.5% between 2003 and 2013. Between 2013 and 2018, the Australian population is forecast to grow at a compound annual growth rate of 1.2%. Burson expects growth in both population and the number of vehicles per person to underpin continued growth in Australia's vehicle population, which in turn drives the size of the automotive parts distribution industry.

FIGURE 3: AUSTRALIA'S POPULATION AND PER CAPITA VEHICLE OWNERSHIP



Source: Vehicles per 1,000 residents data sourced from Australian Bureau of Statistics, Publication 9309.0 "Motor Vehicle Census" (2003–2013); Population data sourced from Australian Bureau of Statistics, Publication 3101.0 "Australian Demographic Statistics" (2003–2013)

FIGURE 4: AUSTRALIA'S PASSENGER AND LIGHT COMMERCIAL VEHICLE POPULATION



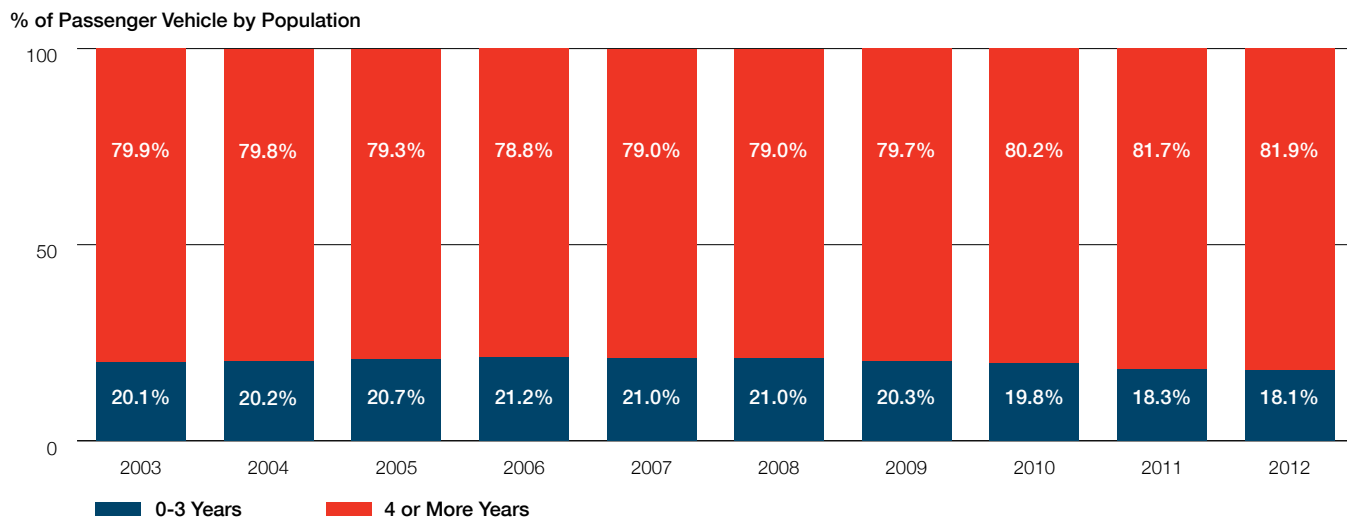
Source: Australian Bureau of Statistics, Publication 9309.0 "Motor Vehicle Census" (2003–2013)

Note: Passenger vehicles includes SUVs.

2.4.2. Changes in age mix of vehicles

Given that the large majority of trade distributed parts are used in the servicing of vehicles aged four years or older, the age mix of vehicles is a relevant driver of growth. The number of passenger vehicles aged four years or older (9.1 million in 2013) has been growing at a compound annual growth rate of 2.6% between 2003 and 2012, higher than growth in total number of passenger vehicles over the same period at a compound annual growth rate of 2.3%. In 2012, 82% of passenger vehicles were aged four years or older.

FIGURE 5: PASSENGER VEHICLE POPULATION BY AGE²⁵



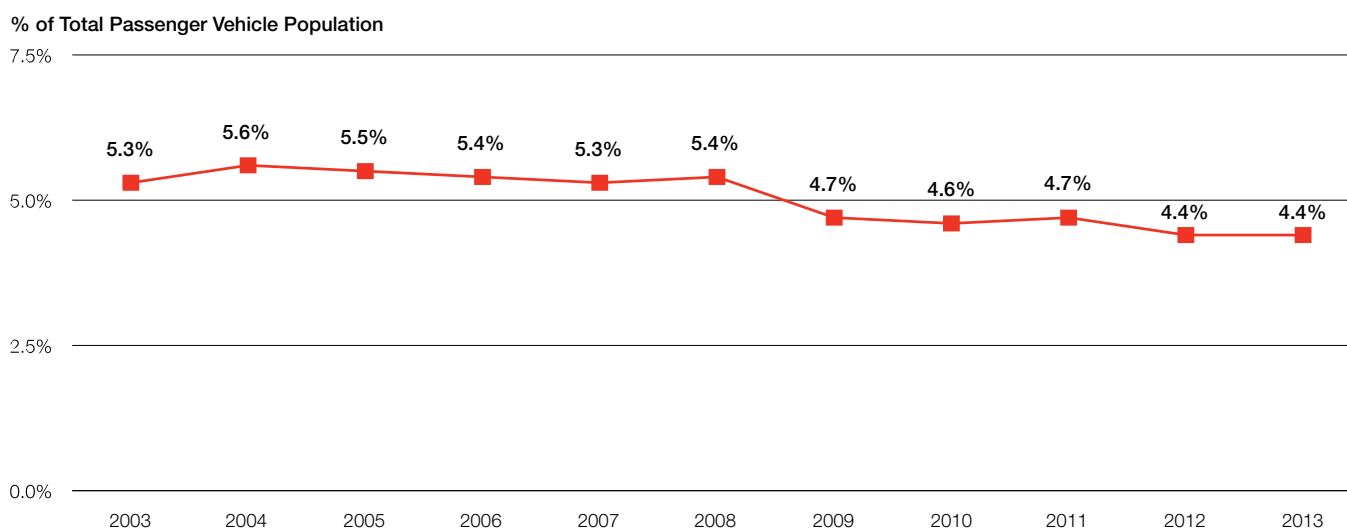
Source: Burson

The growth in vehicles aged four years or older has been driven by:

- vehicles being used for longer due to people choosing to purchase a second vehicle and retaining their existing vehicle; and
- decreasing percentage of vehicles purchased new each year. The average age of passenger vehicles in Australia was 9.8 years in 2013.²⁶ Furthermore, the price of new vehicles in Australia is relatively high compared to other developed countries. These factors contributed to the decrease in new passenger vehicles as a percentage of the total vehicle population from 5.3% in 2003 to 4.4% in 2013.

Burson expects the above trends to continue which will support growth in the number of vehicles aged four years or older.

FIGURE 6: NEW PASSENGER VEHICLE AS A PERCENTAGE OF TOTAL PASSENGER VEHICLE POPULATION



Source: Burson

25. Percentage based on total passenger vehicles with stated year of manufacture.

26. Australian Bureau of Statistics, Publication 9309.0 "Motor Vehicle Census" (2013).

2.4.3. Growing demand for trade distribution

A greater proportion of vehicles are expected to be serviced by chain and independent workshops over time and a lower percentage of vehicles serviced by do-it-yourself vehicle owners. This is expected to result in stronger growth in demand for parts and accessories from trade distributors relative to retail distributors. Key factors supporting this growth include:

- **increasing vehicle complexity:** with additional complexity, do-it-yourself vehicle owners lack the skill and equipment to undertake the required servicing;
- **decreasing scope for repair:** increasing automation and complexity of individual parts mean workshops lack the ability to repair individual parts, with it being easier to replace parts;
- **replacement parts are more cost effective:** as manufacturing processes have improved, replacement parts have become more cost effective compared to repairing parts; and
- **generational shift and change in skillset:** as Australia has shifted to a services based economy with a smaller manufacturing industry, younger vehicle owners are less likely to have the mechanical skills required for do-it-yourself servicing.

The increasing percentage of vehicles serviced by chain and independent workshops will support growth in demand for parts and accessories from trade distributors.

2.4.4. Value of Parts

Burson has historically passed on price changes from its suppliers to its customers and thereby grown the value of parts sold. The price of parts is generally viewed as a non-discretionary component of a workshop's invoice by a vehicle owner and usually forms less than 50% of the total cost of the invoice.

2.5. RESILIENT DEMAND FOR TRADE DISTRIBUTION

Demand for automotive parts from trade distributors such as Burson is resilient because:

- **vehicle servicing is not significantly impacted by economic conditions:** parts are critical to vehicle servicing and demand for vehicle servicing is driven by the number of kilometres travelled by passenger and light commercial vehicles. The total kilometres travelled by passenger and light commercial vehicles is not significantly impacted by economic conditions. In periods of weaker economic growth, vehicle owners may choose to postpone the servicing of their vehicle on a short-term basis but if they want to continue to use their vehicle, they cannot postpone servicing indefinitely. If vehicle servicing is delayed on a short-term basis, it is likely to lead to larger servicing requirements in the future. This can result in short term variability of industry growth but should not impact long term industry trends;
- **demand is not significantly impacted by the volatility in new vehicle sales:** a large majority of parts are used in the servicing of vehicles four years or older. The number of vehicles four years or older is not significantly impacted by volatility in new passenger vehicle sales (which has varied between 59,000 – 92,000 per month over 2010 – 2013); and
- **Burson does not expect demand to be affected by any decline in the Australian vehicle manufacturing industry:** demand for the trade distribution of parts is driven by the total number of registered vehicles in Australia and Burson does not expect that demand to be affected by the location of vehicle manufacture. Australia has one of the most diverse range of vehicle makes and models among developed countries and parts for these vehicles are readily available to distributors. Burson does not expect the closure of vehicle manufacturing operations by Ford, Holden and Toyota in Australia to impact the total number of registered vehicles in Australia and demand for parts distributed by Burson.

2.6. STRUCTURE OF THE AUTOMOTIVE PARTS DISTRIBUTION INDUSTRY AND COMPETITIVE DYNAMICS

There are in excess of 1,900 automotive aftermarket distribution stores in Australia that compete on a local basis for customers.

Geographic markets

The largest states for automotive parts distribution are Victoria, Queensland and New South Wales, where 76% of Australia's passenger and light commercial vehicles are located.

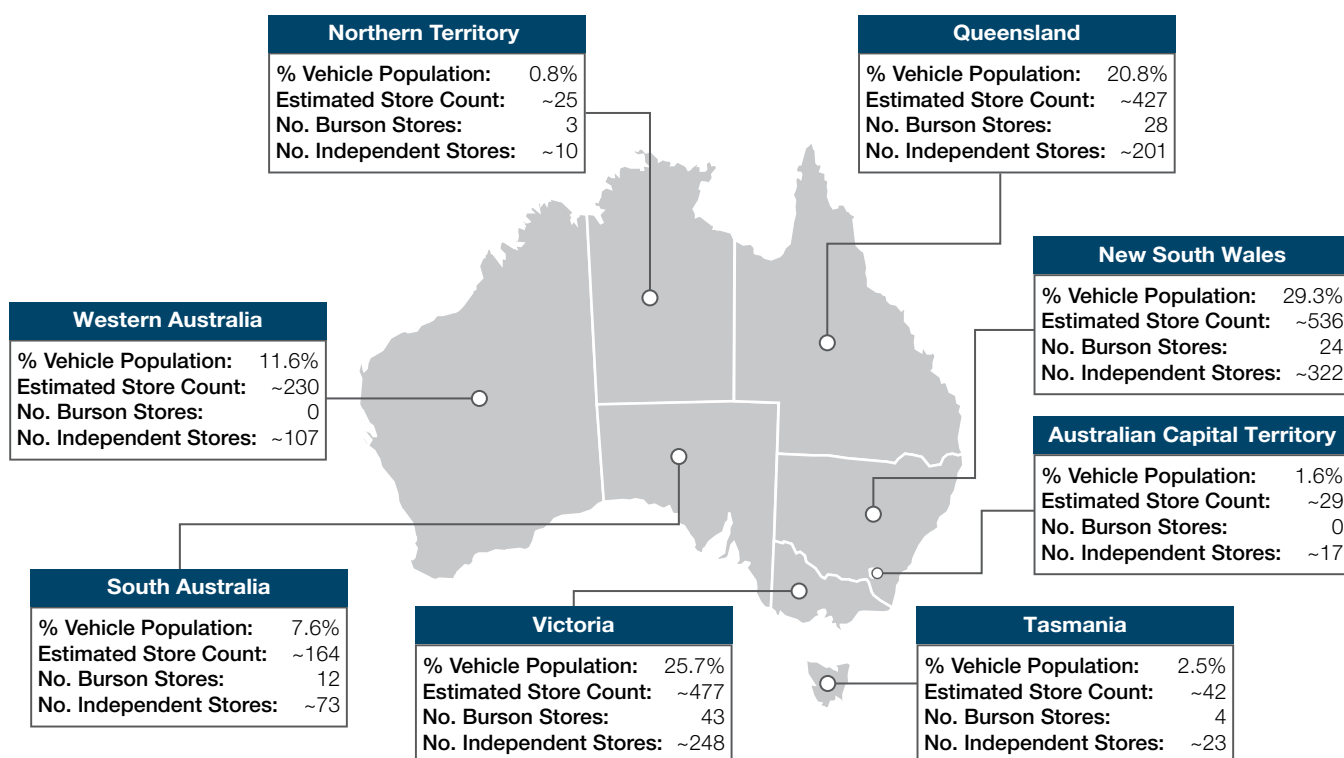
- **Victoria:** accounted for 26% of passenger and light commercial vehicles in 2013. Burson operates 43 trade focused distribution stores in Victoria and has a strong industry position as a trade distributor in Victoria. Burson believes there are approximately 477 trade and retail distribution stores in Victoria, with approximately 248 operated by independent and franchisee operators;

- **Queensland:** accounted for 21% of passenger and light commercial vehicles in 2013. Burson operates 28 trade focused distribution stores and is the second largest trade store operator in this state. Burson estimates there are 427 trade and retail distribution stores in Queensland, with approximately 201 stores operated by independent and franchisee operators; and
- **New South Wales:** accounted for 29% of passenger and light commercial vehicles in 2013. Burson operates 24 trade focused distribution stores and is the second largest trade store operator in this state. Burson estimates there are 536 trade and retail distribution stores in New South Wales, with approximately 322 stores operated by independent and franchisee operators.

The fourth largest state for automotive parts distribution is Western Australia where Burson is currently not present. Burson estimates there are approximately 230 trade and retail distribution stores in Western Australia of which approximately 107 stores are operated by independent and franchisee distributors.

Burson also holds a strong industry position in South Australia, Tasmania and the Northern Territory, which together accounted for 11% of passenger and light commercial vehicles in 2013. Burson operates 19 trade focused distribution stores across these three regions. Burson estimates there are approximately 231 trade and retail distribution stores across South Australia, Tasmania and the Northern Territory, with approximately 106 stores operated by independent and franchisee operators.

FIGURE 7: AUTOMOTIVE PART DISTRIBUTION STORES ACROSS AUSTRALIA²⁷



Competitors in the industry

Burson is the largest trade focused distributor of automotive aftermarket parts in Australia. Burson competes against:

- **companies that operate both as trade and retail distributors:** which include Repco (Exego Group), Autopro, AutoOne and Sprint Autoparts. The requirements to successfully compete as a trade distributor and retail distributor are different as each distribution model has different store location, store set-up and staff skill requirements. Trade distribution typically does not require prominent, high foot traffic store locations and has less store space dedicated to retail shop floor. Also, more space is dedicated to warehousing of parts and staff are knowledgeable in the technicality of a wide range of parts;
- **franchise groups that operate as trade distributors:** which include Autopro, AutoOne and Sprint Auto Parts. These groups have independent franchisees and effectively act as a buying group for a collection of stores. There is generally no corporate ownership or centralised management control of each store;

27. Vehicle population refers to passenger and light commercial vehicle population only.

- **regional trade distributors:** which include Sprint Auto Parts, Veale Auto Parts and Covs. These competitors typically hold a strong presence within an individual state but may not have a national supply chain and associated benefits of scale;
- **independent distributors:** which include in excess of 1,000 distribution stores. These competitors typically operate single stores or a small regional group of stores; and
- **specialist distributors:** who focus on the distribution of a particular kind of part (for example, auto electricals or European branded vehicle parts). These distributors typically operate on a regional basis or on a national basis.

Figure 8 provides a summary of the competitive landscape.

FIGURE 8: LEADING AUTOMOTIVE PARTS DISTRIBUTORS IN AUSTRALIA

Company	No. Stores	Primary Distribution Focus			Location of Store Network
		Trade	Retail	Ownership Model	
Burson	114	✓		Corporate	All states except Western Australia
Covs	27	✓		Corporate	Western Australia only
Veale Auto Parts	16	✓		Corporate	Western Australia only
Repco (Exego Group)	300+	✓	✓	Corporate	National
Autopro	119	✓	✓	Franchise	All states except Tasmania
Auto One	70	✓	✓	Franchise	All states except Northern Territory, South Australia and Tasmania
All Crash Parts	5	✓	✓	Corporate	All states except Tasmania
Sprint Auto Parts	35	✓	✓	Franchise ²⁸	All states except Queensland and Western Australia
Supercheap Auto	245		✓	Corporate	National
autObarn	99		✓	Franchise	National

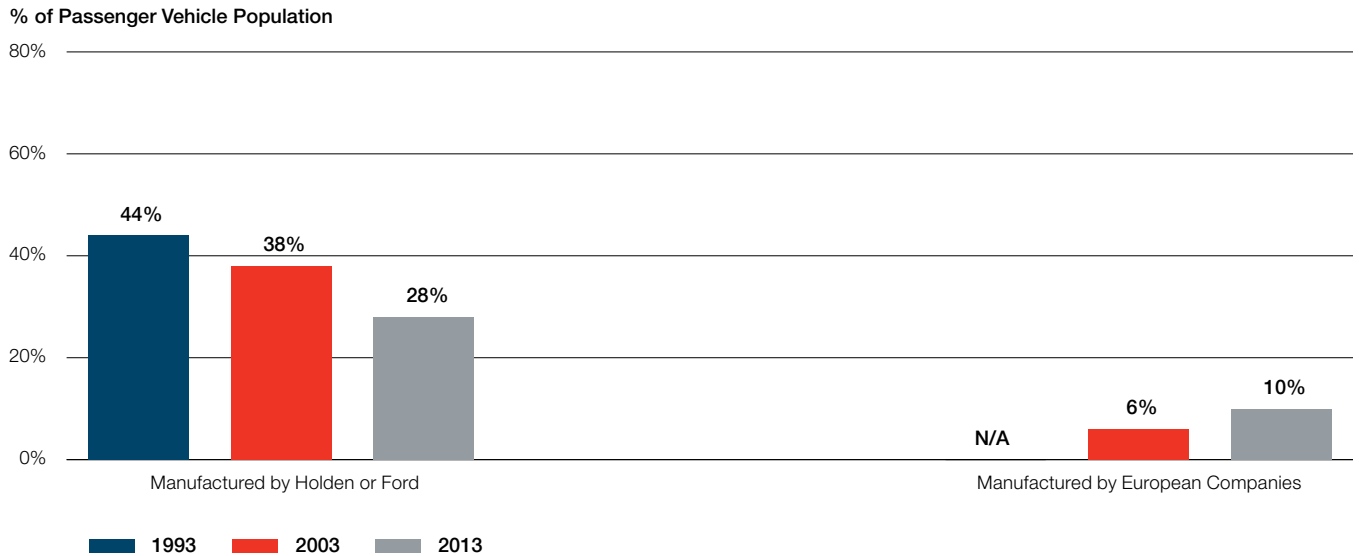
Basis of competition among trade distributors

Trade distributors in each region compete on the range of parts they hold and distribute, location and size of store network, and quality of service they provide to workshops including part availability, delivery speed and knowledge of staff. Larger distributors, such as Burson, have multiple benefits of scale, including:

- **range of parts distributed:** Australia has one of the most diverse passenger vehicle populations among developed countries with approximately 413 different vehicle models. The percentage of passenger vehicle population that is manufactured by Holden or Ford fell from 44% in 1993 to 28% in 2013 while there has been a corresponding increase in the percentage of European made vehicles in the passenger vehicle population (as outlined in Figure 9). The increasing diversification of the vehicle population has required distributors to hold and distribute a wider range of parts in order to service the needs of their customers. Larger distributors have the systems, resources and scale to access, stock and distribute a wider range with a variety of brands;
- **quality of service:** the ability to understand the full range of parts and their technicalities is important to providing workshops with a high level of customer service. Workshops do not want to have to explain in detail each of the parts they need and therefore staff must be able to receive orders with limited explanation from workshops. Larger distributors operate extensive store networks that are located close to workshops and are supported by a fleet of delivery vehicles. Proximity of stores to workshops is important for prompt and frequent delivery of parts. Larger distributors are also able to invest in electronic and online ordering systems that make part ordering easier and more efficient for workshops;
- **part availability:** larger distributors have the capacity to stock a larger number of parts and operate modern IT and logistics systems. This increases the likelihood of having a workshop's required part available at a nearby store, and also ensures the right parts can be delivered in a timely manner;
- **strength of customer relationships:** a long-standing track record of service, availability and prompt delivery is important to workshops. As a result, they may not switch distributors based simply on a lower price. The quality of service provided by the distributor is critical to the workshop in order to complete the service of a vehicle on a same day basis; and
- **price:** viewed as a secondary consideration to parts availability, speed of delivery, technical knowledge and customer relationships.

28. Sprint Auto Parts owns a small portion of its stores.

FIGURE 9: INCREASING DIVERSITY OF VEHICLE POPULATION MADE BY SPECIFIC MANUFACTURERS



Source: Burson

Note: Percentage calculated as the sum of Holden and Ford manufactured cars divided by total passenger car parc in each given year or sum of European-made cars divided by the total passenger car parc in each given year. European-made database comprises Alfa Romeo, Audi, BMW, Citroen, Jaguar, Mercedes-Benz, Peugeot, Porsche, Renault, Saab, Volkswagen and Volvo. 1993 data not comparable as specific breakdown for some of the European makes are not available.

The multiple benefits of scale outlined above have put pressure on smaller trade distributors and led to consolidation among trade distributors. Burson and other larger trade distributors have expanded the number of stores operated whilst at the same time the number of independent and franchisee stores have been declining. Similar scale benefits have driven consolidation in the United States automotive parts distribution industry where Burson estimates the top ten distributors went from operating approximately 31% of stores in 2002 to approximately 48% in 2012.

3 *Business Overview*



3.1. OVERVIEW OF BURSON

Burson is the largest trade focused distributor of automotive aftermarket parts in Australia. The Company has access to over 500,000 SKUs from in excess of 1,000 suppliers for delivery to approximately 30,000 customers throughout Australia. In order to do this, Burson operates an extensive distribution network that involves 114 stores²⁹, a 15,000m² distribution centre in Victoria supported by eight hub stores³⁰ and a fleet of over 500 delivery vehicles, all supported by an integrated IT and logistics system and a workforce of over 1,200 knowledgeable employees. Burson's extensive distribution network spans across all Australian states and territories except Western Australia and the ACT.

FIGURE 10: SNAPSHOT OF BURSON'S OPERATIONS

Number of Parts	Over 500,000 SKUs from in excess of 1,000 suppliers for 68 vehicle makes and 413 models
Number of Customers	Approximately 30,000 active customers
Number of Orders	In excess of 6.5 million invoices annually with average order value of approximately \$57 Orders received by telephone, via sales representatives, electronically and in-store
Number of Stores	114 stores (including eight hub stores) ³¹
Warehousing and Logistics	15,000m ² distribution centre in Victoria Eight hub stores across Australia Integration with external freight companies to connect distribution centre to stores Fleet of over 500 vehicles owned by Burson that are used for part deliveries from stores to customers
Management Systems	Centralised enterprise resource planning system which manages inventory levels in all stores and the distribution centre Electronic ordering platform for workshops Online store for purchasing by do-it-yourself customers, enthusiasts and remote location customers
Procurement and Merchandising	Centralised team to manage supplier relationships and product inventory, adding new products and eliminating products that are no longer required
Employees	Over 1,200 employees, including 114 store managers

3.2. HISTORY OF BURSON

Burson was established in 1971 in Melbourne, Victoria with a focus on delivering automotive accessories to service stations and automotive outlets. Since this time, Burson has maintained a core focus on providing the highest quality distribution service to workshops for their automotive parts.

Burson opened its first distribution store in 1978 in Braybrook, Victoria and has since grown to be the largest trade distributor in Victoria. In addition to its strong presence in Victoria, Burson has expanded its distribution network into other states and territories over time. This was first done by establishing a store in Albury, New South Wales in 1984 but store expansion has been an increasing focus of the Company since 2002 when it expanded into Queensland followed by entry in 2011 into South Australia and the Northern Territory. Over time, Burson has continued to expand its store network across each of the states and territories in which it operates and invested in the Company's modern IT and logistics system. Burson's store network has grown from 81 in May 2011 to 114 as at 28 February 2014. This has seen Burson establish 36 new stores, with 30 of these acquired and six established as greenfield.³²

29. As at 28 February 2014.

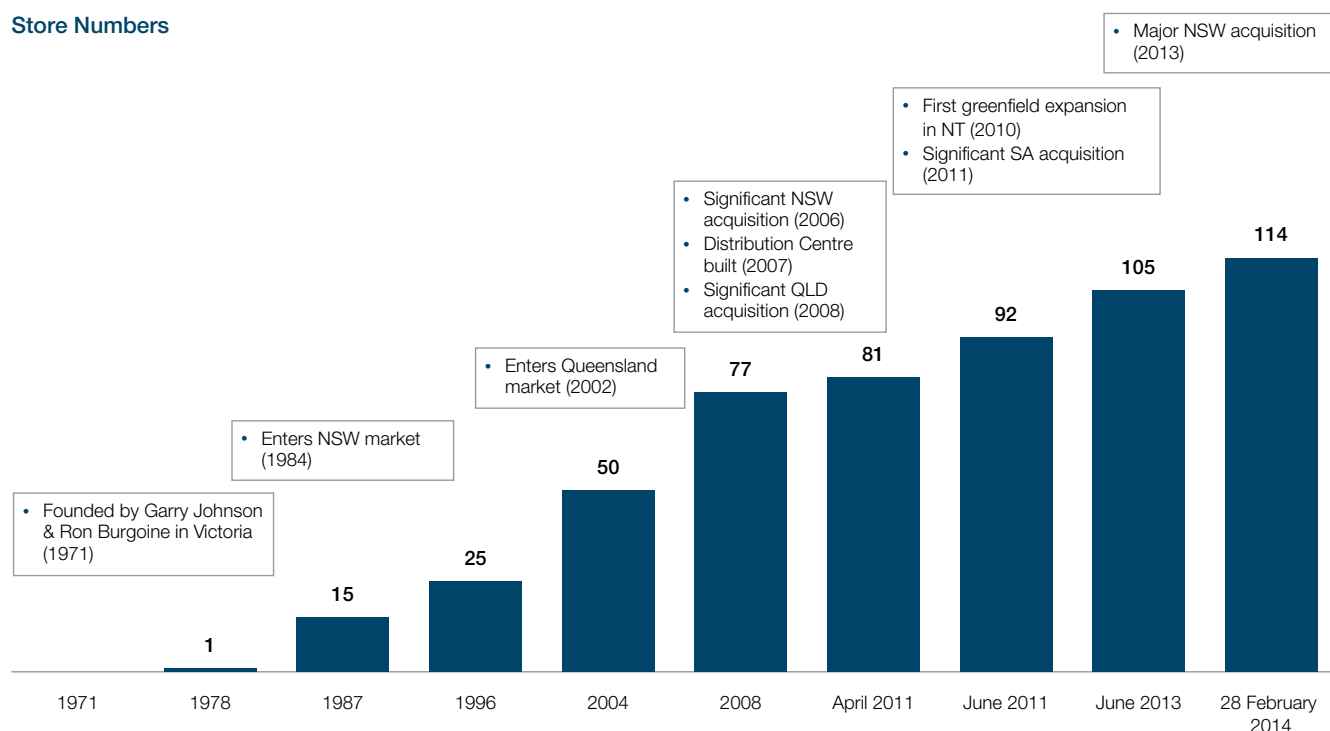
30. Eight hub stores included in store count of 114 stores.

31. As at 28 February 2014.

32. Between May 2011 and 31 December 2013, three stores were merged with other Burson stores, resulting in a net store increase of 33.

FIGURE 11: HISTORY OF BURSON'S STORE NETWORK

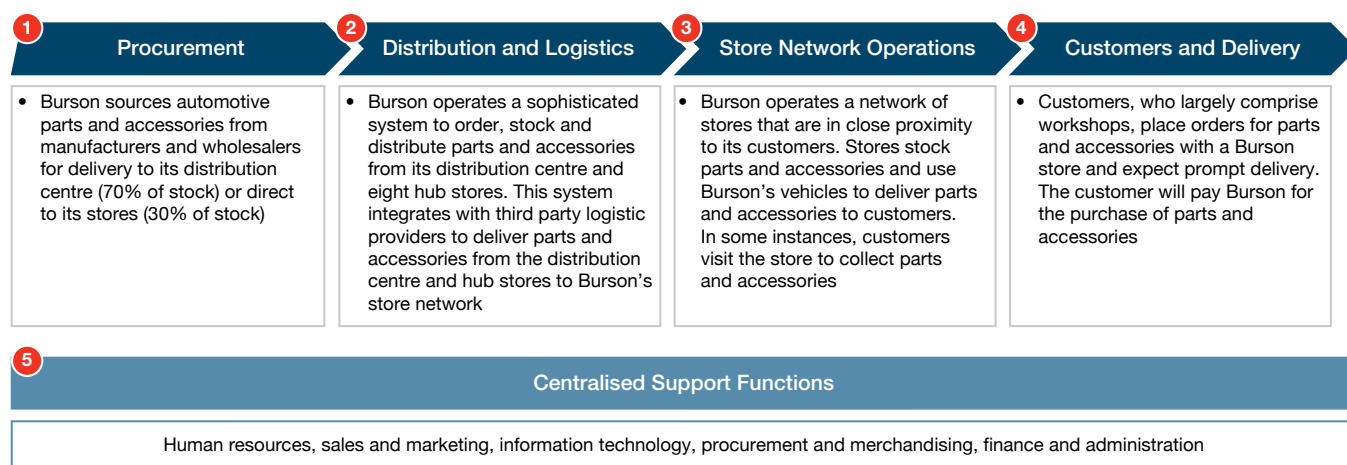
Store Numbers



3.3. WHAT IS BURSON'S BUSINESS MODEL?

Burson generates revenue from the sale of automotive parts to workshops, other trade customers and vehicle owners. In order to generate this revenue, Burson operates an extensive network to distribute automotive parts from the manufacturer or wholesaler to its customers. Figure 12 summarises the various components of Burson's business model that enable it to sell automotive parts to its customers.

FIGURE 12: OVERVIEW OF BURSON'S BUSINESS MODEL



3.3.1. Procurement of parts

























Burson has access to over 500,000 SKUs from in excess of 1,000 domestic and international suppliers (including both part manufacturers and wholesalers).

What products does Burson procure?

Burson sources a wide range of parts and accessories covering most of Australia's 68 vehicle makes and 413 models. The range of parts and accessories is weighted towards replacement parts, general repairs and workshop equipment, and has significantly expanded over time (in response to the diversification of Australia's vehicle population). Burson actively manages its range of parts and accessories, with a focus on distributing parts for higher growth categories of the vehicle market, such as filters, electrical, brakes, suspension and steering. The parts and accessories distributed can have the manufacturer's own brand or can be branded with Burson's own brands (Burson, Motorgear and Boston Mechanic). Parts with Burson's own brands represented approximately 10% of pro forma revenue in FY2013. The distribution of Burson branded parts can improve overall profitability as these parts are typically offered at a lower price point but have higher gross margins than manufacturer branded parts due to the lower purchase cost of Burson branded parts.

Figure 13 outlines the largest part and component categories Burson distributed in FY2013.

FIGURE 13: TOP PART AND COMPONENT CATEGORIES

Category	% FY2013 Pro Forma Revenue	Example of Parts and Components	Key Brands
Filters	9%	Air Filters, Cabin Filters, Fuel Filters, Oil filters	 
Oil	9%	Additives, Antifreeze, Auto Transmission Oil, Brake Fluid, Engine Oil, Greases, Hydraulic Oil, Manual Gearbox and Diff Oil, Power Steering Oil	   
Electrical	9%	Battery, Cable, Cable Clamps, Cable Terminals, Electrical Connectors, Flasher Units, Fuses, Globes, Headlights, Heat Shrink, Ignition, Jumper Leads, Relays, Resistors, Silicon Sleeve, Spiral Wrap, Starter Motors, Switches	     
Brake	9%	Brake Cables, Brake Drums, Brake Hoses, Brake Kits, Brake Rotors, Brake Shoes, Caliper Pistons, Disc Brake Pads, Master Cylinders, Slave Cylinders, Wheel Cylinders	  
Suspension	7%	Idle and Pitman Arms, Power Steering Hose, Power Steering Pumps, Shock Absorbers, Springs, Steering Rack Boots, Strut Mounts, Suspension Ball Joints, Suspension Bushes, Sway Bar Links, Tie Rod/Rack Ends	    
Cooling	6%	Fan Belts, Fan Clutches, Heater Valves, Radiator Caps, Radiator Hoses, Radiators, Thermostats, Water Housing, Water Pumps	   
Engine Parts	6%	Accelerator Cables, Bearings, Carburettor, Covers, Engine Mounts, Engine Switches, Exhaust Mounts, Fuel Pumps, Fuel Regulators, Gaskets, Head Bolt Sets, Oil Pumps, Oil Seals, PCV Valves, Pulleys, Tensioners, Timing Belts / Kits, Valve Lifters	   
Equipment	6%	Diagnostics, Hoists, Lifting Equipment, Polishing Tools	     
Spark Plugs	5%	Spark Plugs	 

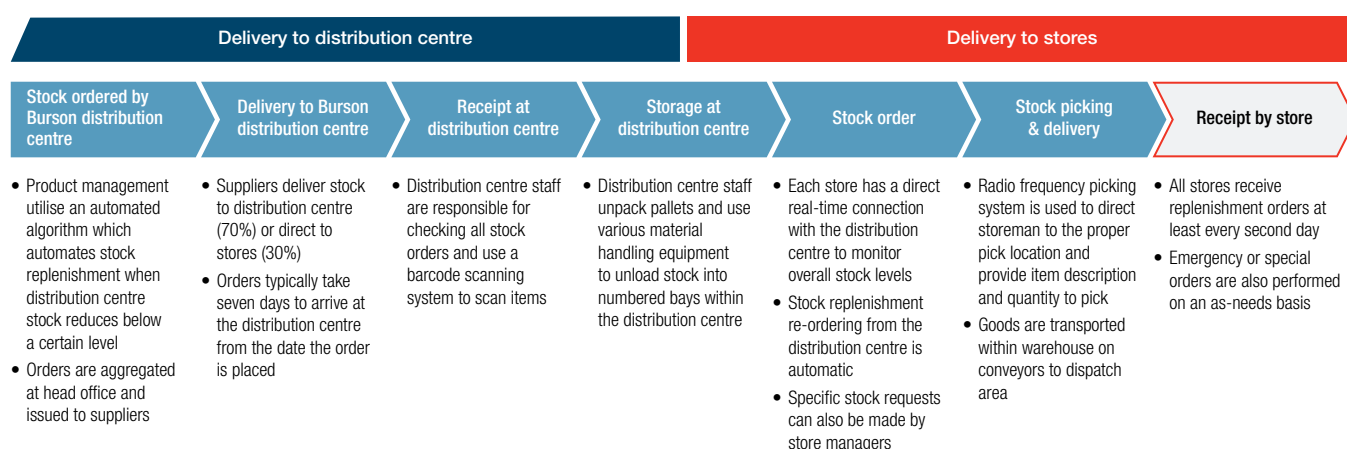
Who are Burson's suppliers?

Burson has a diversified group of suppliers, dealing with in excess of 1,000 different wholesalers or part manufacturers. Approximately 80% of stock is sourced from approximately 30 key suppliers, with 62% of the cost of goods sold in FY2013 relating to the largest 15 suppliers. These suppliers include Tridon, NGK, Dayco, Kincrome, Bendix, GUD automotive, Brown & Watson, Wesfil, Bosch and Bearing Wholesalers.

3.3.2. Distribution and logistics

Burson operates a modern distribution and logistics system to order, stock and distribute parts and accessories. This involves multiple information technology systems and a 'hub-and-spoke' network whereby stock is ordered and predominantly delivered to a centralised distribution centre that in turn distributes stock out to trade stores located close to Burson's customers. Figure 14 provides an overview of Burson's systems and processes to order, stock and distribute a wide range of parts and accessories.

FIGURE 14: OVERVIEW OF BURSON'S DISTRIBUTION AND LOGISTICS SYSTEM

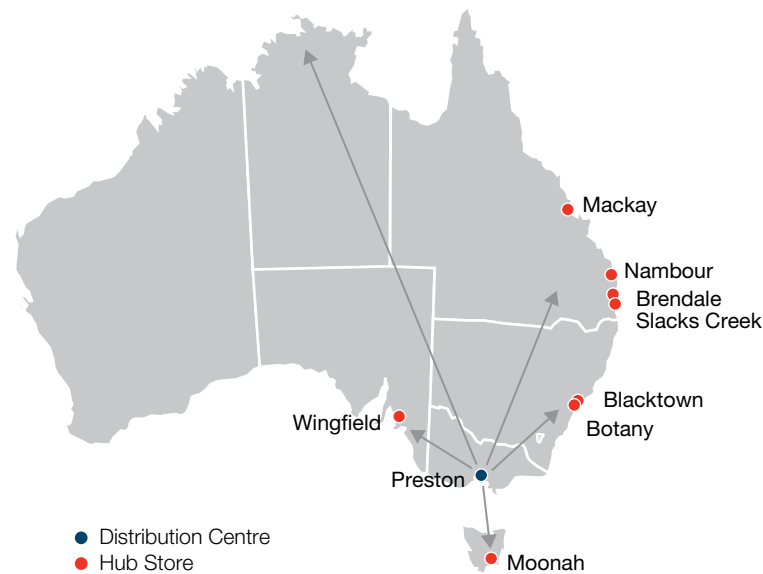


Burson's distribution centre is located in Preston, Victoria and is a 15,000m² purpose built warehouse. The distribution centre typically carries 35,000 SKUs at any point in time which are delivered to Burson's store network via external freight companies. Stock within the distribution centre is controlled by a warehouse management system that includes automated re-ordering and barcode scanning.

Burson's distribution centre is supported by eight hub stores across South Australia, New South Wales, Queensland and Tasmania. Hub stores hold a higher level of inventory (approximately 15,000 SKUs) than standard stores (approximately 12,000 SKUs) and provide Burson with flexibility to manage stock availability across its store network. Hub stores can deliver stock to smaller nearby stores multiple times a day, allowing standard stores to reduce overall inventory of slower moving items and improve efficiency of stock holdings.

The location of Burson's distribution centre and hub stores is provided in Figure 15.

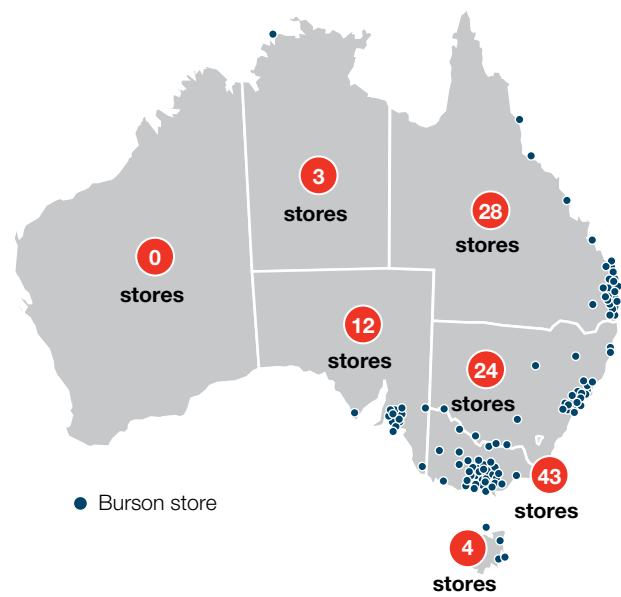
FIGURE 15: LOCATION OF BURSON'S DISTRIBUTION CENTRE AND HUB STORES



3.3.3. Store network

As at 28 February 2014, Burson operates a network of 114 stores across all Australian states and territories except Western Australia and the Australian Capital Territory. The location and set up of stores is designed to enable Burson to deliver the highest quality of service to its customers. Burson's fleet of over 500 vehicles delivers parts and accessories from Burson's stores to its customers. Figure 16 provides an overview of the location of Burson's store network.

FIGURE 16: BURSON'S STORE NETWORK



Store locations

Burson's workshop customers are typically clustered in and around industrial or semi-industrial areas. Burson strategically targets its store locations to have high customer density within five kilometres of its store. Approximately 80% of Burson's workshop customers are located within five kilometres of a Burson store. Such proximity to customers and density of customers around each store enables Burson to:

- minimise time from receipt of order to delivery of parts;
- increase frequency of deliveries as more customers are located on a delivery route; and
- select locations that have lower lease costs than more prominent, high foot traffic locations. The majority of orders are received via telephone, electronically or online. Burson does not rely significantly on passing customers to make impromptu purchases. As a result, the rental expense for Burson store locations is typically lower than prominent, high foot traffic store locations used by retail distributors.

Store set-up

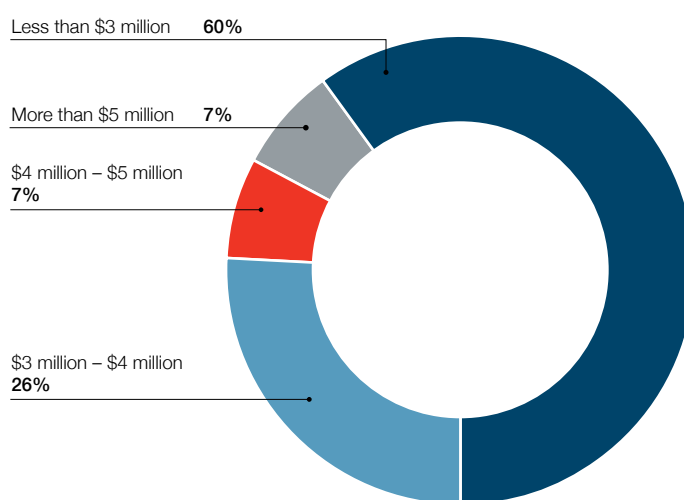
Burson's stores are set-up to service workshop customers. Approximately 70% of floor space is dedicated to warehousing parts that are then delivered to customers using Burson's vehicles. The remaining 30% of floor space is a retail showroom where customers can make in-store purchases. An average store carries approximately 12,000 SKUs and is 400-600m² in size.

Store performance

Revenue generated by store varies across the Burson network. This is a function of size, location, store management and customer relationships. The average pro forma revenue per store across the network in FY2013 was \$2.9 million. Newly acquired or newly established stores tend to generate lower than average revenue initially but experience above average growth in the first few years under Burson's ownership as a result of Burson's management and systems. Figure 17 provides a breakdown of pro forma revenue performance by store in FY2013.

FIGURE 17: BURSON STORE PRO FORMA REVENUE

Percentage of Stores by Pro Forma Revenue Generated in FY2013



3.3.4. Customers and delivery

Burson segments its customer base into workshops and do-it-yourself vehicle owners. Burson's core focus is on independent workshops, chain workshops and do-it-yourself vehicle owners with approximately 85% of FY2013 pro forma revenue generated across these three groups. Burson's customer base is diversified with Burson serving approximately 30,000 active customers with the single largest customer accounting for less than 1% of FY2013 pro forma revenue.

Workshop customers

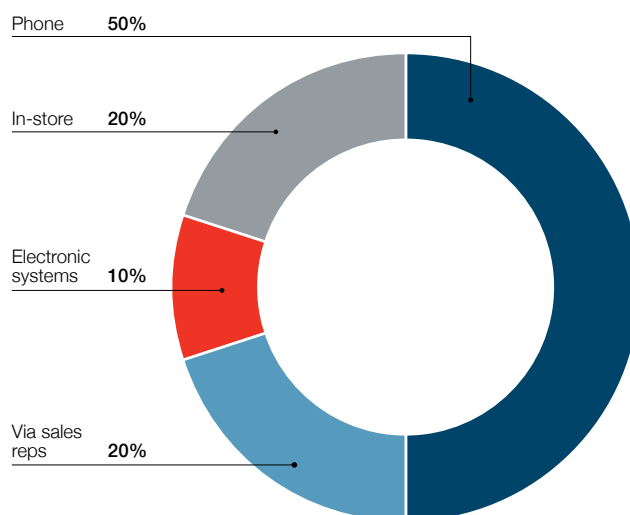
Burson's workshop customers comprise independent and chain workshops, OEM dealer workshops and other automotive specialists:

- **independent workshops** – Burson services a diverse range of independent workshops. A significant number of these workshops belong to a cooperative called Capricorn Society, which establishes credit and payment terms for its members, limiting credit risk for Burson;
- **chain workshops** – Burson services some of the leading chain workshops in Australia, which include Kmart Tyre and Auto, Ultra Tune, Midas, Goodyear Autocare and others. This has been a growing customer segment as Burson's store network has expanded. Burson is increasingly a preferred supplier to these chains, in a number of cases being either the number one or two supplier. The management of relationships with chain workshops is co-ordinated centrally from Burson's head office;
- **OEM dealer workshops** – Burson services OEM dealer workshops that are located close to its stores for non-vehicle manufacturer branded parts and accessories; and
- **other automotive specialists** – Burson services a wide variety of other customers that comprise auto electricians, radiator and air conditioning specialists, mobile mechanics, transport companies, bus companies, Government departments, service stations and other motor mechanics (e.g. marine motors).

Customer orders are made over the phone, via electronic systems, in-store and through mobile sales representatives. Figure 18 shows the breakdown of how customer orders are received by their contribution to pro forma revenue in FY2013. With the majority of orders being received by phone, the knowledge base of Burson staff on the range and type of parts that customers require is very important to generating sales and building long-term customer relationships. Once an order is received, Burson uses its own vehicles to deliver the majority of parts and accessories from its store to its customers. Burson has experienced strong growth in orders received via its electronic systems. This ordering platform was introduced to customers in FY2011 and has grown strongly. The electronic ordering platform has a lower cost to serve for Burson compared to phone orders.

FIGURE 18: ORDERING METHODS OF BURSON'S CUSTOMERS

Percentage of FY2013 Pro Forma Revenue



Do-it-yourself customers

Burson sells to do-it-yourself customers from its stores and online distribution platform.

In-store sales to do-it-yourself vehicle owners are typically for vehicle service and light repair parts, automotive accessories, general repair tools and equipment required for vehicle servicing. Do-it-yourself customers value the quality of service and advice provided by Burson's knowledgeable staff.

Burson launched its internet online distribution channel, GetCarBitz, in November 2013 to serve do-it-yourself, enthusiast and remote location customers. GetCarBitz differentiates itself through its vehicle parts search facility, availability of a wide range of trade parts and fast delivery times. Customers have access to more than 20,000 SKUs, couriered directly from the distribution centre. To minimise disruption of Burson's value proposition to workshops, GetCarBitz currently makes no reference to Burson and product pricing is designed to avoid compromising distribution prices to workshops while remaining competitive with retail prices of other major distributors.

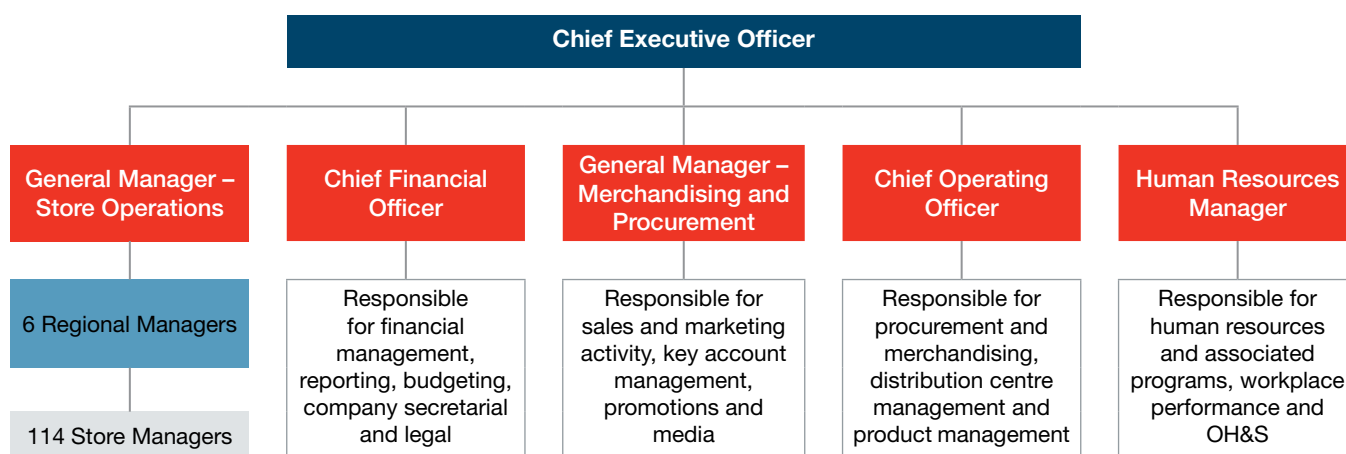
3.3.5. Support functions

Burson has a range of central functions that are critical to the operation of its distribution network.

3.3.5.1 Human resources

Burson employs over 1,200 staff. The skill and knowledge of the staff are important to customer orders and sales. Figure 19 provides an overview of Burson's organisational structure. Store managers are a key driver of customer orders and their knowledge of parts and relationship with customers is important to Burson's success. Store managers are remunerated through a base salary and incentives where the incentives are tied to store performance and profit.

FIGURE 19: BURSON ORGANISATIONAL STRUCTURE



3.3.5.2 Sales and marketing

Burson's sales and marketing activities are focused on its three main customer groups – independent workshops, chain workshops and do-it-yourself vehicle owners. These activities include trade shows, competition, sponsorship, newsletters and local television and radio advertising.

Independent workshops

Burson has a mobile field sales force of approximately 100 people that are focused on growing sales from existing customers and attracting new customers. Burson's sales representatives work closely with store managers to regularly visit customers, target new customers and explain the full range of parts and services that Burson offers. During a customer visit, sales representatives are able to instantaneously order stock, check stock availability and access product specifications and customer information through wireless handheld devices connected to Burson's enterprise resource planning (ERP) system. The ERP system provides Burson's sales representatives with live access to Burson's centralised database. Sales representatives are incentivised to maximise both sales and gross margin through a commission arrangement.

Chain workshops

Most chains operate as a franchise model, with the exception of Kmart Tyre and Auto, and Lube Mobile, which are company owned. Burson enters into preferred supplier arrangements with these chains via the franchisor or corporate owner. Burson's General Manager of Sales and Marketing is responsible for marketing to franchisors and corporate owners, and negotiating preferred supplier arrangements. Burson's sales representatives service and support workshops that belong to the chain, including franchised stores.

Do-it-yourself vehicle owners

Burson markets to do-it-yourself vehicle owners via in-store and external signage and promotions, supported by selective local television and radio advertising.

3.3.5.3 Information technology systems

Burson operates a centralised ERP system, which manages inventory levels in all stores and the distribution centre. This system is modern, expandable to accommodate store network growth and includes an extensive in-store sales system whereby pricing and discounting can be centrally managed and observed.

3.3.5.4 Procurement and merchandising

Burson has a centralised team for product ranging, supplier liaison and inventory management across all its stores and the distribution centre. Product ranging involves determining the types of parts stocked as well as the range of brands stocked for each part.

Operating a central team allows Burson to identify growing part segments at an early stage and plan accordingly. The procurement and merchandising team liaises with suppliers and determines the appropriate level of parts stocked in stores based on each store's catchment area and demand.

3.3.5.5 Finance and administration

Burson operates central finance systems that enable management to track each store's sales and margin on a daily or weekly basis. The finance team is also responsible for co-ordinating and managing creditor and debtor terms, accounts payable, accounts receivable and payroll.

3.4. WHAT IS BURSON'S GROWTH STRATEGY?

Burson is well positioned to continue on a range of growth initiatives as described below.

3.4.1. Expand store network

Burson has a track record of store expansion, having added 12 stores on average per annum³³ since May 2011. Of the 36 new stores established since May 2011, 30 have been acquired and six established as greenfield.³⁴

With in excess of 1,900 automotive parts distribution stores in Australia, of which approximately 1,000 are operated by independent operators, Burson believes it can expand its store network to 175 over the next five years. Burson has identified multiple opportunities for store expansion, which it is actively working on, in:

- Queensland and New South Wales present the largest opportunities for store expansion in the states in which Burson currently operates. In these states, Burson is the second or third largest store operator and has identified multiple locations for further expansion;
- Western Australia, where Burson does not currently operate, accounts for 12% of passenger and light commercial vehicles in Australia and has been targeted as a key potential growth area;
- Australian Capital Territory, where Burson does not currently operate, is a potential territory for new stores to be established; and
- Victoria presents an opportunity for Burson to strengthen its distribution network in select metropolitan and regional areas.

Burson is positioned to fund continued store expansion from operating cash flows and debt facilities it expects to have in place after Listing. The debt facilities (summarised in Section 9.6) will have undrawn funds of \$36.5 million in the revolving facility for general corporate purposes (including funding acquisition opportunities) following Completion.

Burson will pursue store expansion via acquisitions and establishing new stores. Store acquisitions will be pursued where they fit Burson's acquisition requirements, which include:

- enhancing the strategic position of its distribution network;
- enhancing earnings per share; and
- maintaining gearing at appropriate levels.

Burson aims to acquire stores that have the potential to generate annual revenues of at least \$2 million per annum and generate an acceptable level of profitability.

Past store acquisitions have been made at attractive prices. Independent operators do not typically seek to expand via store acquisitions because they may not have the financial capacity to pursue acquisitions (or otherwise may not be interested in pursuing acquisitions). Further, franchisee groups do not typically operate a model focused on store acquisitions, and some corporate distributors have a large presence in certain regions such that certain acquisitions may increase costs without necessarily a corresponding increase in revenue. Following acquisitions, Burson has improved the performance of acquired stores considerably. This has been driven by (i) using procurement benefits Burson has with suppliers, (ii) expanding the range of parts distributed, (iii) benefits of Burson's modern IT and logistics system, (iv) sales to workshop chains, (v) reduction of administration and accounting overheads through centralisation, and (vi) improved operating techniques.

Where acquisitions are not available in attractive markets or the terms of a proposed acquisition do not fit with Burson's requirements, Burson intends to establish new stores. Burson has established eight new greenfield stores since 2009. On average, these new stores have taken approximately two years to reach a normalised level of earnings.

The continued expansion of Burson's store network is expected to further enhance the scale benefits Burson currently enjoys. This includes strengthening Burson's position with suppliers, being better positioned to be a preferred supplier to workshop chains, and being able to distribute current fixed costs across a larger revenue base. These benefits will enable Burson to grow earnings.

33. 36 additional stores over a 32 month period represents an annualised average of 12 stores per annum.

34. Between May 2011 and 31 December 2013, three stores were merged with other Burson stores, resulting in a net store increase of 33.

3.4.1.1 Acquisition opportunities

Burson continues to consider acquisition opportunities consistent with its overall growth strategy and is actively working on opportunities that would establish its national distribution network.

Burson has held discussions with various parties in relation to the potential acquisition of stores in Western Australia, including Automotive Holdings Group in relation to the Cova parts stores and Veale Auto Parts.

One such opportunity that Burson is presently considering is an acquisition that would add a significant number of stores to its distribution network. This acquisition would be complementary to Burson's existing business.

Burson is currently in confidential and exclusive discussions in relation to that potential acquisition, however no binding sale agreement has been entered into and there is no certainty the acquisition will proceed. Any acquisition will be subject to due diligence and will require final commercial terms to be agreed.

3.4.2. Increase existing store revenue and earnings

Burson's management team has identified a number of strategies to capture the forecast compound annual growth rate in trade distribution of approximately 3%, and to increase store market share, revenue and earnings. These can be broadly categorised as strategies to:

- **continuously improve sales and profit of each store:** initiatives include store manager engagement, technical training and implementation of operational best practices to enhance store service and efficiency;
- **lift performance of bottom quartile stores:** initiatives include increased monitoring, greater focus on high potential or at-risk customers, and addressing customer service concerns; and
- **acquire new customers and retain existing customers:** high potential and at-risk customers are given increased attention and offered incentives.

In addition to this, Burson has been implementing systems and structuring a staff talent investment program to grow sales and profits in its store network.

3.4.3. Increase revenue from chain workshops

As Burson's store network continues to expand, Burson is in a stronger position to service workshops that belong to a chain. Burson has experienced strong growth in sales to these workshops in recent years as its store network has expanded. This is expected to continue as Burson becomes a preferred distributor to more workshops that belong to a chain and improves its position with existing workshop chains.

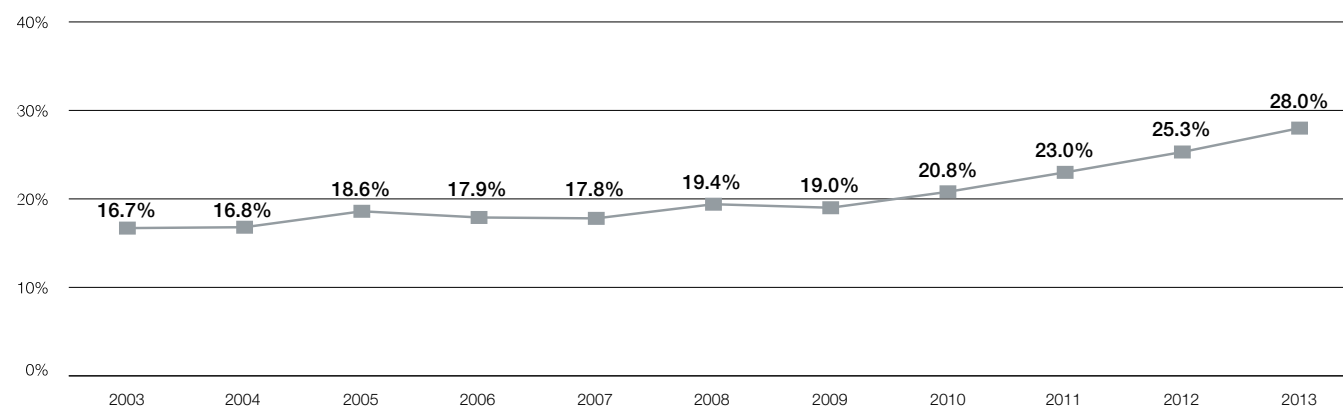
3.4.4. Enhance product range

Expanding range of parts distributed

There are opportunities for Burson to expand its product range to include parts for 4WD vehicles, European-made vehicles and other specialist areas. European branded and 4WD vehicle parts have not been a focus for Burson historically but sales of these vehicles represent an increasing proportion of vehicle sales in Australia and comprise an increasing percentage of the passenger vehicle population. Distributing these parts across Burson's already established distribution network should enable Burson to grow earnings.

FIGURE 20: 4WD (SUVS) AS A PERCENTAGE OF TOTAL VEHICLES SOLD

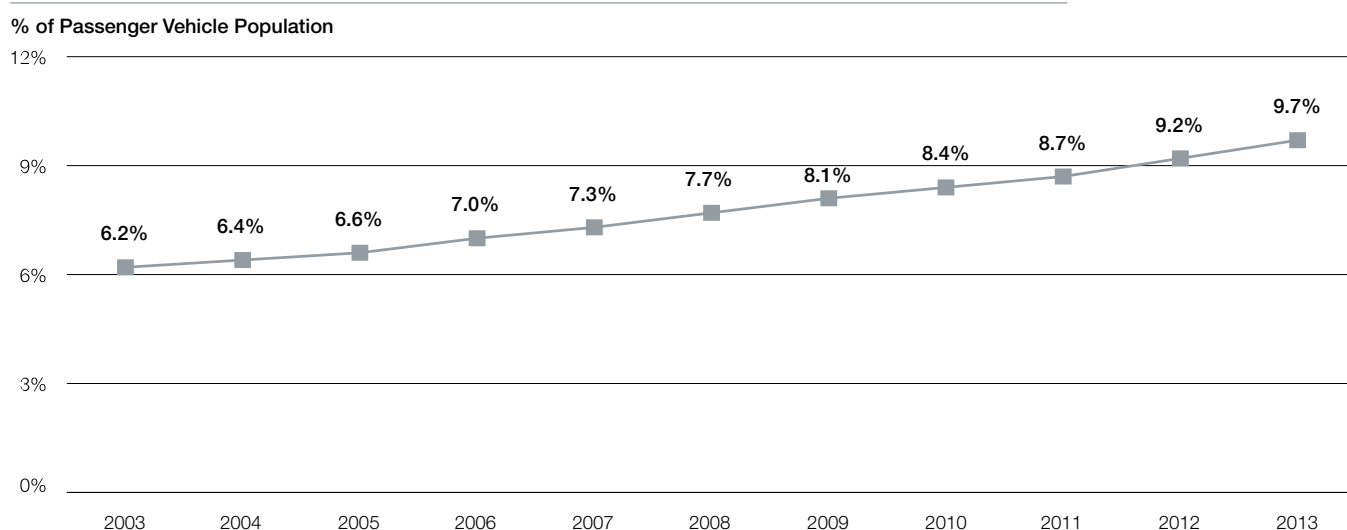
% of Total Vehicles Sold



Source: Burson

Note: Percentage calculated as annual SUV sales divided by annual total vehicles sold. Annual SUV sales calculated as the sum of monthly SUV sales in a 12 month period from April to March, based on the original series type. Annual total vehicles sold calculated as the sum of monthly total vehicle sales in a 12 month period from April to March, based on the original series type.

FIGURE 21: EUROPEAN MADE CARS AS A PERCENTAGE OF PASSENGER VEHICLE POPULATION



Source: Burson

Note: Percentage calculated as the sum of European-made cars divided by the total passenger car parc in each given year. European-made database comprises Alfa Romeo, Audi, BMW, Citroen, Jaguar, Mercedes-Benz, Peugeot, Porsche, Renault, Saab, Volkswagen and Volvo.

Multi-branded strategy

Burson has traditionally distributed one primary brand of each part to customers. This is a result of lower cost parts traditionally being unreliable and causing issues for workshops in servicing vehicles. With improvement in part manufacturing and part reliability, there is an opportunity for Burson to offer customers a greater choice of brands and price points for each type of part. This would include a private label strategy that targets increasing the proportion of parts distributed with Burson's own brand at a lower price point. Sales of Burson branded parts represented 10% of FY2013 pro forma revenue. Burson has observed that other industry participants have grown revenue from own branded parts and, having regard to Burson management's industry experience and knowledge, believes that sales of Burson's branded parts could grow to approximately 25% of revenue within the next four years. Burson branded parts are typically offered at a lower price point but have higher gross margins than other branded parts due to the lower purchase cost of Burson branded parts. The sale of an increasing percentage of Burson branded parts will enable Burson to grow earnings.

3.4.5. Implement direct sourcing

Burson plans to implement a direct sourcing model whereby parts are sourced directly from the international manufacturer. Burson currently sources 95% of parts from domestic suppliers, even though the large majority of parts are manufactured internationally. Greater direct sourcing is expected to decrease costs through elimination of the intermediary domestic supplier. In implementing a direct sourcing model, Burson intends to place an emphasis on working with the right international suppliers that can deliver high quality and reliable parts. Other Australian and United States automotive part distributors have grown earnings as a result of implementing a direct sourcing strategy.

3.4.6. Grow electronic ordering, in-store and online sales

Electronic ordering through Burson's proprietary Ezyparts system generated approximately 10% of FY2013 pro forma revenue. Burson believes workshops will continue to grow the percentage of orders made via electronic systems, enabling Burson to grow earnings.

Burson is focused on growing in-store sales by upgrading in-store signage, branding and store layout, and improving its range of products. In-store sales have a higher gross margin on average than parts and accessories delivered to customers.

Another growth avenue for Burson is its online distribution channel, GetCarBitz. As an early mover in this market with a clear, differentiated customer offering, Burson is well positioned to grow its online sales.

4 *Financial Information*



4.1. INTRODUCTION

The financial information for Burson contained in this Section 4 includes:

Statutory historical financial information for Burson (in the case of FY2012 for Burson Automotive) being the:

- statutory consolidated historical income statements for FY2012, FY2013, H1FY2013 and H1FY2014 (**Statutory Historical Results**);
 - statutory consolidated historical cash flows for FY2012, FY2013, H1FY2013 and H1FY2014 (**Statutory Historical Cash Flows**); and
 - statutory consolidated historical balance sheet as at 31 December 2013 (**Statutory Historical Balance Sheet**),
- (the **Statutory Historical Financial Information**).

Pro forma historical financial information for Burson being the:

- pro forma consolidated historical income statements for FY2012, FY2013, H1FY2013 and H1FY2014 (**Pro Forma Historical Results**);
 - pro forma consolidated historical cash flow statements for FY2012, FY2013, H1FY2013 and H1FY2014 (**Pro Forma Historical Cash Flows**); and
 - pro forma consolidated historical balance sheet as at 31 December 2013 (**Pro Forma Historical Balance Sheet**),
- (the **Pro Forma Historical Financial Information**). The Statutory Historical Financial Information and the Pro Forma Historical Financial Information together form the **Historical Financial Information**.

Forecast financial information for Burson being the:

- statutory consolidated forecast income statements for FY2014 and FY2015 (**Statutory Forecast Results**);
 - statutory consolidated forecast cash flow statements for FY2014 and FY2015 (**Statutory Forecast Cash Flows**);
 - pro forma consolidated forecast income statements for FY2014 and FY2015 (**Pro Forma Forecast Results**); and
 - pro forma consolidated forecast cash flow statements for FY2014 and FY2015 (**Pro Forma Forecast Cash Flows**),
- (the **Forecast Financial Information**).

The Historical Financial Information and Forecast Financial Information together form the **Financial Information**.

Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (see Section 4.2);
- the Directors' best estimate general and specific assumptions underlying the Forecast Financial Information (see Section 4.7) and key sensitivities in respect of the Forecast Financial Information (see Section 4.8); and
- Burson's proposed dividend policy (see Section 4.9).

All amounts disclosed in the tables in this Section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$0.1 million.

4.2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1. Overview

Burson was incorporated on 13 September 2011. On 17 October 2011, Burson through its wholly owned subsidiary, Burson Finance, acquired 100% of the issued share capital of Burson Holdings and Burson Automotive. Burson Automotive is the main operating entity of the Group.

Under the terms of the Offer, Burson is offering to issue New Shares and SaleCo is offering to transfer Existing Shares. Refer to Section 7 for further details of the Offer.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

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

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

Burson's key accounting policies have been consistently applied throughout the periods presented and are set out in Appendix A.

In accordance with AASB 8 Operating Segments (**AASB 8**), Burson has determined that it satisfies the criteria to allow the reporting of one aggregated segment, automotive parts trade distribution, on the basis that its overall business activities have similar economic and regulatory characteristics, similar products purchased and sold and similar customer characteristics.

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

4.2.2. Preparation of Pro Forma Historical Financial Information

The Statutory Historical Financial Information has been extracted from Burson Automotive's audited consolidated financial statements for FY2012, from Burson's audited consolidated financial statements for FY2013 and from Burson's reviewed accounts for H1FY2013 and H1FY2014. The FY2012 audited statutory accounts of Burson Automotive were selected since the Directors consider that those accounts are more meaningful than Burson's FY2012 audited financial statements which only cover the post-incorporation period from 13 September 2011 to 30 June 2012 and therefore do not represent a full 12 month comparative period. The Burson Automotive results for FY2012 are presented on a comparable basis with the Burson results for FY2013 as the purchase price accounting exercise undertaken by Burson on acquisition of Burson Automotive did not impact the FY2012 profit of Burson Automotive other than for the items that have been adjusted for in the pro forma to statutory reconciliation in Section 4.3.3. The FY2012 statutory financial statements of Burson Automotive were audited by Burson Automotive's external auditor at that time and the audit opinion provided by that external auditor was unqualified. The FY2013 statutory financial statements of Burson were audited by PwC which issued an unqualified opinion. The H1FY2014 interim financial report of Burson has been reviewed by PwCS Ltd and PwCS Ltd has issued an unqualified review opinion in respect of that period and the H1FY2013 comparative period. These financial statements are available on the Offer website (www.bursonshareoffer.com) and the Statutory Historical Financial Information is summarised in Tables 7, 8 and 9.

The Pro Forma Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus. It has been derived from the Statutory Historical Financial Information, with pro forma adjustments being made to eliminate non-recurring items (including one-time provision uplifts arising on Burson's acquisition accounting for Burson Automotive that were reported in Burson Automotive's FY2012 statutory accounts), to reflect standalone public company costs, to reflect the pre-Offer capital restructure and to reflect Burson's operating and capital structure that will be in place following Completion as set out in Sections 4.3.3, 4.4.1 and 4.5.1.

The Historical Financial Information included in this Prospectus has been reviewed, but not audited, by PwCS Ltd. Investors should note the scope and limitations of the Independent Limited Assurance Report (refer to Section 8).

Refer to Section 4.3.3 for a reconciliation between the Statutory Historical Results and Pro Forma Historical Results, to Section 4.5.1 for a reconciliation between the Statutory Historical Cash Flows and Pro Forma Historical Cash Flows and to Section 4.4 for a reconciliation between the Statutory Historical Balance Sheet and Pro Forma Historical Balance Sheet.

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

4.2.3. Preparation of Forecast Financial Information

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

The Pro Forma Forecast Results and Pro Forma Forecast Cash Flows have been derived from the Statutory Forecast Results and Statutory Forecast Cash Flows (respectively) after adjusting for pro forma transactions and other adjustments to reflect Burson's operations following Completion and to eliminate non-recurring items and to reflect standalone public company costs as set out in Sections 4.3.3 and 4.5.1. Both the Statutory Forecast Results and Statutory Forecast Cash Flows for FY2014 consist of reviewed results for the six months to 31 December 2013 and the Directors' best estimate forecasts for the six months to 30 June 2014. The Statutory Forecast Results and Statutory Forecast Cash Flows for FY2015 consist of the Directors' best estimate forecasts for the 12 months to 30 June 2015.

The Forecast Financial Information has been prepared by the Directors based on an assessment of current economic and operating conditions and best estimate assumptions regarding future events and actions as set out in Sections 4.7.1 and 4.7.2. The Forecast Financial Information is subject to the risks set out in Section 5. The inclusion of these assumptions and these risks 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 presented in this Prospectus has been reviewed by PwCS Ltd but has not been audited. Investors should note the scope and limitations of the Independent Limited Assurance Report (refer to Section 8).

Burson believes the best estimate 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.

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 material negative effect on Burson's actual financial performance or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of Burson, the Directors and management, and are not reliably predictable. Accordingly, none of Burson, the Directors, nor any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

The Forecast Financial Information in Section 4.7 should be read in conjunction with the general assumptions in Section 4.7.1, the specific assumptions in Section 4.7.2, the sensitivity analysis in Section 4.8, the risk factors in Section 5 and other information in this Prospectus.

Burson 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.

Explanation of certain non-IFRS financial measures

Burson uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These are known as "non-IFRS financial measures" and the principal ones used in this Prospectus are as follows:

- EBITDA is earnings before interest, taxation, depreciation and amortisation; and
- EBIT is earnings before interest and taxation.

These measures are reconciled to NPAT in Table 1.

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

4.3. CONSOLIDATED HISTORICAL AND FORECAST INCOME STATEMENTS

4.3.1. Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

Table 1 presents the Pro Forma Historical Results for FY2012 and FY2013, the Pro Forma Forecast Results for FY2014 and FY2015 together with the Statutory Forecast Results for FY2014 and FY2015.

TABLE 1: SUMMARY PRO FORMA HISTORICAL RESULTS FOR FY2012 AND FY2013, PRO FORMA FORECAST RESULTS FOR FY2014 AND FY2015 AND STATUTORY FORECAST RESULTS FOR FY2014 AND FY2015

June year end; \$ million	Pro Forma Historical Results ¹		Pro Forma Forecast Results ²		Statutory Forecast Results	
	FY2012	FY2013	FY2014	FY2015	FY2014	FY2015
Total revenue	284.3	306.3	340.8	366.4	340.8	366.4
Cost of goods sold ³	(172.2)	(176.9)	(193.5)	(206.9)	(193.8)	(206.9)
Gross profit	112.1	129.4	147.3	159.5	147.0	159.5
Employee costs	(54.7)	(61.5)	(69.3)	(75.1)	(71.1)	(75.1)
Occupancy costs	(9.0)	(10.0)	(11.2)	(12.1)	(11.2)	(12.1)
Freight costs	(8.6)	(9.0)	(11.1)	(11.9)	(11.1)	(11.9)
Other operating costs	(17.1)	(18.7)	(20.0)	(20.8)	(26.7)	(20.8)
Total costs of doing business (CODB)	(89.4)	(99.2)	(111.6)	(119.9)	(120.1)	(119.9)
EBITDA	22.7	30.2	35.7	39.6	26.9	39.6
Depreciation and amortisation	(3.6)	(3.9)	(4.3)	(4.5)	(4.3)	(4.5)
EBIT	19.1	26.3	31.4	35.1	22.6	35.1
Net interest expense	(3.6)	(3.7)	(3.9)	(3.8)	(21.0)	(3.8)
Profit before tax	15.5	22.6	27.5	31.3	1.6	31.3
Income tax expense	(4.5)	(6.6)	(8.2)	(9.4)	(0.5)	(9.4)
NPAT	11.0	16.0	19.3	21.9	1.1	21.9

Notes:

1. The Pro Forma Historical Results are reconciled to the Statutory Historical Results in Section 4.3.3.
2. The Pro Forma Forecast Results are reconciled to the Statutory Forecast Results in Section 4.3.3.
3. Cost of goods sold excludes freight and motor vehicle delivery costs which accords with how management reports gross profit for management accounts purposes. Cost of goods sold in Burson's statutory reports will include freight and motor vehicle delivery costs as required by Accounting Standards.

TABLE 2: SUMMARY PRO FORMA HISTORICAL RESULTS FOR H1FY2013 AND H1FY2014

December half year end; \$ million	Pro Forma Historical Results ¹	
	H1FY2013	H1FY2014
Total revenue	151.4	168.7
Cost of goods sold ²	(88.0)	(95.9)
Gross profit	63.4	72.8
Employee costs	(30.6)	(34.1)
Occupancy costs	(4.9)	(5.5)
Freight costs	(4.5)	(5.5)
Other operating costs	(9.2)	(10.0)
Total costs of doing business (CODB)	(49.2)	(55.1)
EBITDA	14.2	17.7
Depreciation and amortisation	(2.0)	(2.1)
EBIT	12.2	15.6
Net interest expense	(2.0)	(1.9)
Profit before tax	10.2	13.7
Income tax expense	(3.0)	(4.2)
NPAT	7.2	9.5

Notes:

1. The Pro Forma Historical Results are reconciled to the Statutory Historical Results in Section 4.3.3.
2. Cost of goods sold excludes freight and motor vehicle delivery costs which accords with how management reports gross profit for management accounts purposes. Cost of goods sold in Burson's statutory reports will include freight and motor vehicle delivery costs as required by Accounting Standards.

4.3.2. Key operating metrics

Tables 3 and 4 below provide a summary of Burson's key historical operating metrics for FY2012, FY2013, H1FY2013 and H1FY2014 derived from the Pro Forma Historical Results, and the forecast key operating metrics for FY2014 and FY2015 derived from the Pro Forma Forecast Results and the Statutory Forecast Results.

TABLE 3: SUMMARY PRO FORMA HISTORICAL KEY OPERATING METRICS FOR FY2012 AND FY2013 AND SUMMARY PRO FORMA AND STATUTORY FORECAST KEY OPERATING METRICS FOR FY2014 AND FY2015

	Pro Forma Historical Results ¹		Pro Forma Forecast Results ²		Statutory Forecast Results ³	
June year end	FY2012	FY2013	FY2014	FY2015	FY2014	FY2015
Number of continuing stores (period end)	100	105	115	124	115	124
Number of trading days	251	250	251	251	251	251
Revenue growth on pcp		7.7%	11.3%	7.5%		7.5%
Average daily sales \$('000s)	\$1,133	\$1,225	\$1,358	\$1,458	\$1,358	\$1,458
Average daily sales growth		8.2%	10.9%	7.3%		7.3%
Same-store average daily sales growth ⁴		2.1%	3.7%	3.1%		3.1%
Gross profit margin	39.4%	42.2%	43.2%	43.5%	43.1%	43.5%
Total CODB (% of sales)	31.4%	32.4%	32.7%	32.7%		
EBITDA growth		33.0%	18.2%	10.9%		
EBITDA margin	8.0%	9.9%	10.5%	10.8%		
EBIT growth		37.7%	19.4%	11.8%		
EBIT margin	6.7%	8.6%	9.2%	9.6%		
NPAT growth		45.5%	20.6%	13.5%		
NPAT margin	3.9%	5.2%	5.7%	6.0%		

Notes:

1. The Pro Forma Historical Results are reconciled to the Statutory Historical Results in Section 4.3.3.
2. The Pro Forma Forecast Results are reconciled to the Statutory Forecast Results in Section 4.3.3.
3. Certain key operating metrics have not been provided for the Statutory Forecast Results since the Directors believe there is no meaningful comparable or appropriate basis by which to present them.
4. Same store average daily sales growth is calculated based on all stores that were in operation at the commencement of the prior comparative period.

TABLE 4: SUMMARY PRO FORMA HISTORICAL KEY OPERATING METRICS FOR H1FY2013 AND H1FY2014

December half year end	Pro Forma Historical Results ¹	
	H1FY2013	H1FY2014
Number of continuing stores (period end)	103	114
Number of trading days	128	129
Revenue growth		11.4%
Average daily sales \$('000s)	\$1,181	\$1,309
Average daily sales growth		10.9%
Same store average daily sales growth		3.7%
Gross profit margin	41.9%	43.2%
Total CODB (% of sales)	32.5%	32.7%
EBITDA growth		24.6%
EBITDA margin	9.4%	10.5%
EBIT growth		27.9%
EBIT margin	8.1%	9.2%
NPAT growth		31.9%
NPAT margin	4.8%	5.6%

Note:

1. The Pro Forma Historical Results are reconciled to the Statutory Historical Results in Section 4.3.3.

4.3.3. Pro forma adjustments to the Statutory Historical Results and the Statutory Forecast Results

Tables 5 and 6 below set out the pro forma adjustments to historical and forecast statutory NPAT to reflect the full period impact of the operating and capital structure that will be in place following Completion as if it was in place as at 1 July 2011. In addition, certain other adjustments to eliminate non-recurring items have been made in the period in which they occurred and changes to remuneration arrangements and estimated standalone public company costs have been reflected across the historical and forecast periods. These adjustments are summarised below.

TABLE 5: RECONCILIATION OF HISTORICAL AND FORECAST STATUTORY NPAT TO PRO FORMA NPAT FROM FY2012 TO FY2015

June year end; \$ million	Note	Historical		Forecast	
		FY2012 ⁸	FY2013	FY2014	FY2015
Statutory NPAT		11.7	10.2	1.1	21.9
Public company costs	1	(1.0)	(1.0)	(0.9)	–
IPO related remuneration adjustment	2	(0.2)	(0.2)	2.3	–
IPO transaction costs expensed	3	–	–	3.7	–
Other transaction costs expensed	4	–	–	3.3	–
Net interest adjustment	5	(3.5)	9.5	17.1	–
Other operating adjustments	6	3.8	0.1	0.3	–
Tax effect	7	0.2	(2.6)	(7.6)	–
Total pro forma adjustments		(0.7)	5.8	18.2	–
Pro forma NPAT		11.0	16.0	19.3	21.9

TABLE 6: RECONCILIATION OF HISTORICAL NPAT TO PRO FORMA NPAT FOR H1FY2013 AND H1FY2014

December half year end; \$ million	Historical	
	H1FY2013	H1FY2014
Statutory NPAT	4.3	1.9
Public company costs	(0.5)	(0.5)
IPO related remuneration adjustment	(0.1)	(0.1)
IPO transaction costs expensed	–	0.1
Other transaction costs expensed	–	–
Net interest adjustment	4.8	11.5
Other operating adjustments	–	–
Tax effect	(1.3)	(3.3)
Total pro forma adjustments	2.9	7.6
Pro forma NPAT	7.2	9.5

Notes:

1. **Public company costs** – an adjustment has been made to include Burson's estimate of the incremental annual costs that it will incur as a public company. These incremental costs include share registry fees, Non-Executive Director remuneration, Directors' and officers' insurance premiums, additional audit and legal costs, additional staff costs, listing fees, investor relations costs, as well as annual general meeting and annual report costs.
2. **IPO related remuneration adjustment** – an adjustment has been made to the Statutory Historical Results and Statutory Forecast Results for FY2014 to include the \$0.2 million uplift in senior management fixed remuneration that will commence on Completion. The Statutory Forecast Results for FY2015 already reflect the uplift in fixed remuneration. An adjustment has also been made to the Statutory Forecast Results for FY2014 to remove the impact of a one-off senior management cash payment of \$2.5 million (inclusive of on-costs). The Statutory Forecast Results and Pro Forma Forecast Results already include costs associated with the short term incentive arrangements and LTIP which will commence on Completion. Details of the incentive schemes that are set to apply to management from Completion are set out in Section 9.4.
3. **IPO transaction costs expensed** – total expenses of the Offer are estimated at \$10.8 million, of which \$3.8 million (\$2.6 million net of tax) is expensed in the Statutory Forecast Results relating to the sale of Existing Shares. The remaining \$7.0 million (\$4.9 million, net of tax) is directly attributable to the issue of New Shares and hence will be offset against equity raised in the Offer.
4. **Other transaction costs expensed** – an adjustment has been made to remove one-off advisor fees of \$3.3 million (\$2.3 million net of tax) which will be expensed in the Statutory Forecast Results for FY2014.
5. **Net interest adjustment** – the net interest expense included in the Historical Statutory Results has been adjusted to reflect the anticipated net debt leverage ratio and margins applicable to Burson under the terms of the New Banking Facilities following Completion, using base interest rates (BBSW) that prevailed, or are forecast to prevail, during the relevant periods. This adjustment takes into account additional interest costs arising on Burson's anticipated average net overdraft balance following Completion. In addition, an adjustment has been made to remove the one-off costs of \$1.2 million (\$0.8 million net of tax) arising on close-out of interest rate hedge and to remove the impact of unamortised borrowing costs in the Statutory Historical Results and Statutory Forecast Results relating to the historical debt structure of Burson.
6. **Other operating adjustments** – an adjustment has been made to remove one-off transaction costs in relation to acquisitions made by Burson which were expensed in the Statutory Historical Results and Statutory Forecast Results, the one-off provision uplifts arising on Burson's acquisition accounting for Burson Automotive that were reported in Burson Automotive's FY2012 statutory accounts, as well as the one-off cost associated with the initial recognition of a \$0.3 million provision for credit notes which will be expensed in the Statutory Forecast Results for FY2014.
7. **Tax effect** – the forecast income tax rate applicable to Burson is approximately 30%, which is equivalent to the Australian corporate tax rate. This tax rate as adjusted for permanent differences has been applied to each of the historical and forecast periods. In addition, the tax impact of the above adjustments has been reflected as part of this adjustment as appropriate.
8. The FY2012 statutory NPAT has been extracted from the audited statutory accounts of Burson Automotive which the Directors consider are more meaningful than Burson's FY2012 statutory audited financial statements which only cover the post-incorporation period from 13 September 2011 to 30 June 2012 and therefore do not represent a full 12 month comparative period.

TABLE 7: SUMMARY STATUTORY HISTORICAL RESULTS FOR FY2012 AND FY2013

June year end; \$ million	Statutory Historical Results	
	FY2012 ¹	FY2013
Total revenue	284.3	306.3
Cost of goods sold	(173.3)	(176.9)
Gross profit	111.0	129.4
Employee costs	(54.2)	(60.7)
Occupancy costs	(9.0)	(10.0)
Freight costs	(8.6)	(9.0)
Other operating costs	(19.4)	(18.3)
Total costs of doing business (CODB)	(91.2)	(98.0)
EBITDA	19.8	31.4
Depreciation and amortisation	(3.3)	(3.9)
EBIT	16.5	27.5
Net interest expense	(0.2)	(13.2)
Profit before tax	16.4	14.3
Income tax expense	(4.7)	(4.1)
NPAT	11.7	10.2

Note:

- The FY2012 Statutory Historical Results have been extracted from the audited statutory accounts of Burson Automotive which the Directors consider are more meaningful than Burson's FY2012 audited financial statements which only cover the post-incorporation period from 13 September 2011 to 30 June 2012 and therefore do not represent a full 12 month comparative period.

TABLE 8: SUMMARY STATUTORY HISTORICAL RESULTS FOR H1FY2013 AND H1FY2014

December half year end; \$ million	Statutory Historical Results	
	H1FY2013	H1FY2014
Total revenue	151.4	168.7
Cost of goods sold	(88.0)	(95.9)
Gross profit	63.4	72.8
Employee costs	(30.2)	(33.7)
Occupancy costs	(4.9)	(5.5)
Freight costs	(4.5)	(5.5)
Other operating costs	(9.0)	(9.9)
Total costs of doing business (CODB)	(48.6)	(54.6)
EBITDA	14.8	18.2
Depreciation and amortisation	(2.0)	(2.1)
EBIT	12.8	16.1
Net interest expense	(6.7)	(13.4)
Profit before tax	6.1	2.7
Income tax expense	(1.8)	(0.8)
NPAT	4.3	1.9

4.4. PRO FORMA HISTORICAL BALANCE SHEET

Table 9 sets out the adjustments that have been made to the reviewed Statutory Historical Balance Sheet as at 31 December 2013 to prepare the Pro Forma Historical Balance Sheet for Burson. These adjustments reflect certain pro forma adjustments including the impact of the operating and capital structure that will be in place following Completion as if it had occurred or were in place as at 31 December 2013.

TABLE 9: PRO FORMA HISTORICAL BALANCE SHEET AS AT 31 DECEMBER 2013

As at 31 December 2013; \$ million	Note	Statutory Historical Balance Sheet ¹	Impact of the Offer and New Banking Facilities ²	Pro Forma Historical Balance Sheet
Current assets				
Cash at Bank	3	3.2	(1.2)	2.0
Trade & other receivables		29.9	–	29.9
Inventories		64.5	–	64.5
Total current assets		97.6	(1.2)	96.4
Non-current assets				
Property, Plant & Equipment		19.2	–	19.2
Deferred Tax Assets	4	9.0	3.0	12.0
Intangible Assets		96.2	–	96.2
Other non-current assets		0.2	–	0.2
Total non-current assets		124.6	3.0	127.6
Total assets		222.2	1.8	224.0
Current liabilities				
Trade & other payables		47.8	–	47.8
Borrowings	5	6.9	(6.9)	–
Current tax liabilities		1.8	(1.5)	0.3
Provisions		10.1	–	10.1
Total current liabilities		66.6	(8.4)	58.2
Non-current liabilities				
Borrowings		157.9	(83.2)	74.7
Deferred tax liabilities		0.1	–	0.1
Provisions		1.9	–	1.9
Derivative Financial Instrument		1.2	(1.2)	–
Total non-current liabilities		161.1	(84.4)	76.7
Total liabilities		227.7	(92.8)	134.9
Net assets		(5.5)	94.6	89.1
Shareholder's equity				
Share Capital	6	41.1	140.1	181.2
Cash Flow Hedge		(0.8)	0.8	–
Unappropriated Profit	7	(45.8)	(46.3)	(92.1)
Total share capital and reserves		(5.5)	94.6	89.1

Notes to Table 9:

1. Reflects the reported balance sheet of Burson as at 31 December 2013 per reviewed financial statements.
2. Reflects the impact of the Offer and the draw down of the New Banking Facilities and certain other transactions including payment of a Pre-IPO Dividend and redemption of the Preference Shares and Loan Notes.
3. \$2.0 million of cash on hand will be retained in Burson post Completion.
4. Deferred tax assets of \$3.0 million arise as a result of the costs of the Offer and other one-off transaction costs, partly offset by the cancellation of the interest rate hedge relating to the historical debt structure.
5. Current and non-current borrowings will decrease by \$90.1 million on draw down of the New Banking Facilities (\$75.2 million), net of redemption of the Preference Shares and Loan Notes (\$53.3 million excluding interest accruing to Completion), repayment of existing senior bank debt (\$111.6 million) and that portion of the costs associated with the New Bank Facilities to be capitalised as non-current borrowing costs (\$0.5 million).
6. Contributed equity increases by \$140.1 million as a result of that portion of the proceeds of the Offer which is received by Burson through the issue of New Shares (\$143.8 million) and from monies received on partly paid shares in respect of the amounts outstanding (\$1.2 million) offset by the after tax IPO transaction costs (\$4.9 million) applied against equity.
7. Reduction in retained earnings of \$46.3 million reflects payment of the Pre-IPO Dividend prior to Completion (\$37.2 million), total costs of the Offer relating to the sale of Existing Shares plus other transaction costs expensed in the FY2014 Statutory Forecast Results (\$4.9 million net of tax), payment of a one-off senior management cash payment (\$1.7 million net of tax), one-off costs associated with cancellation of an interest rate hedge (\$0.8 million net of tax) and accrued interest on redemption of the Preference Shares and Loan Notes (\$1.7 million net of tax).

4.4.1. Pro forma adjustments to the Statutory Historical Balance Sheet

In conjunction with the Offer, Burson will issue new equity and draw down on its New Banking Facilities (described in Section 9.6). Proceeds from the foregoing, together with available cash, will be used to pay:

- amounts owing by Burson under debt facilities and associated derivatives in place immediately prior to Completion (including repayment of additional debt drawn down in relation to the Pre-IPO Dividend);
- the redemption amounts for the Preference Shares and Loan Notes immediately prior to Completion;
- establishment costs in respect of the New Banking Facilities; and
- costs of the Offer, as well as other obligations of Burson to be paid on Completion.

Details of the pro forma adjustments made to the reviewed Statutory Historical Balance Sheet for Burson as at 31 December 2013 are set out in the notes to Table 9. The Pro Forma Historical Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of Burson's view on its future financial position. For further information, refer to the notes to Table 9. Further information on the sources and uses of funds of the Offer and the New Banking Facilities is contained in Sections 7.1.2 and 9.6 respectively.

4.4.2. Indebtedness

Following Completion, Burson expects net debt to pro forma FY2014 EBITDA to be approximately 2.0x, before allowing for normal intra-month working capital funding requirements. Refer to Section 9.5 for a description of Burson's debt facilities. Table 10 sets out the indebtedness of Burson as at 31 December 2013, before and after Completion.

TABLE 10: PRO FORMA CONSOLIDATED HISTORICAL CAPITALISATION AND INDEBTEDNESS AS AT 31 DECEMBER 2013

As at 31 December 2013; \$ million	Statutory (before Completion)	Pro forma (after Completion)
Current borrowings	6.9	–
Non-current borrowings	157.9	74.7
Cash and cash equivalents	(3.2)	(2.0)
Net total indebtedness	161.6	72.7
Net debt / FY2014 pro forma consolidated EBITDA		Approx. 2.0x*
Net debt / FY2015 pro forma consolidated EBITDA		Approx. 1.8x*

* Before allowing for normal intra-month working capital funding requirements.

4.4.3. Liquidity and capital resources

Following Completion, Burson's principal sources of funds will be cash flow from operations and borrowings under the New Banking Facilities noted in Section 9.6.

The majority of Burson's capital expenditure relates to expenditure on store acquisitions, greenfield store fit-outs, store relocations, store refurbishments, delivery vehicles, IT system hardware and software. Burson's historical and forecast capital expenditure and working capital trends are set out in Sections 4.5, 4.6 and 4.7.

Burson signed a commitment letter in respect of New Banking Facilities to assist with the repayment of the existing debt, and to provide for the funding needs of Burson post Completion. \$75.2 million of the \$139.0 million New Banking Facilities will be drawn down at Completion. Following Completion, Burson will have undrawn funds of \$34.8 million in the revolving facility for general corporate purposes (including funding acquisition opportunities) that can be used for existing store capital expenditure and considerable growth initiatives such as the acquisition and greenfield establishment of new stores. In addition, Burson will have a \$29.0 million facility for use for working capital funding and other general corporate purposes. Burson expects that it will draw down against this working capital facility to fund normal intra-month working capital requirements from Completion. Burson expects that it will have sufficient operating cash flow to fund its operational requirements and business needs during the forecast period. Burson expects that its operating cash flows, together with borrowings under the New Banking Facilities, will position Burson to grow its business in accordance with the Forecast Financial Information and in the period after FY2015.

Burson has historically earned all of its revenues in Australian dollars and incurred its costs in Australian dollars. Burson has not historically been exposed to foreign currency risks, apart from indirect foreign currency risk in relation to purchases of inventory from Australian based suppliers who source products from overseas manufacturers and relatively immaterial direct foreign currency exposure from direct sourcing of parts from Burson's overseas suppliers. Burson's foreign currency policy is to take out forward cover when a firm order has been placed. The Forecast Financial Information does not assume any foreign currency hedging.

Burson does not have any material off balance asset items or contingent liabilities.

4.5. PRO FORMA HISTORICAL CASH FLOWS, PRO FORMA FORECAST CASH FLOWS AND STATUTORY FORECAST CASH FLOWS

Burson has a track record of strong cash flow generation, converting a high proportion of EBITDA to operating free cash flow after capital expenditure. Burson's strong cash flow generation is underpinned by its steady capital expenditure and low working capital requirements which is typical for the automotive parts trade distribution industry. Tables 11 and 12 below set out the Pro Forma Historical Cash Flows for FY2012 and FY2013 and the Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows for FY2014 and FY2015.

TABLE 11: SUMMARY PRO FORMA HISTORICAL CASH FLOWS FOR FY2012 AND FY2013 AND PRO FORMA FORECAST CASH FLOWS AND STATUTORY FORECAST CASH FLOWS FOR FY2014 AND FY2015

June year end; \$ million	Note	Pro Forma Historical		Pro Forma Forecast		Statutory Forecast ^{4,5}	
		FY2012	FY2013	FY2014	FY2015	FY2014	FY2015
EBITDA	1	22.7	30.2	35.7	39.6	26.9	39.6
Non-cash items		–	–	–	0.2	0.3	0.2
Change in working capital		(4.5)	13.3	0.3	(1.1)	0.2	(1.1)
Operating free cash flow (before capital expenditure)		18.2	43.5	36.0	38.7	27.4	38.7
Capital expenditure (excluding new stores)		(3.4)	(4.7)	(6.8)	(5.5)	(6.8)	(5.5)
Operating free cash flow (before new store expenditure)		14.8	38.8	29.2	33.2	20.6	33.2
New store expenditure	2	(4.7)	(3.9)	(10.2)	(6.7)	(10.2)	(6.7)
Net free cash flow (before financing, tax and dividends)		10.1	34.9	19.0	26.5	10.4	26.5
Net interest paid	3			(3.6)	(3.6)	(24.1)	(3.6)
Income tax paid	4			(4.1)	(9.4)	(3.6)	(3.6)
Repayment of existing financing				–	–	(111.6)	–
Repayment of Loan Notes and Preference Shares				–	–	(39.1)	–
Proceeds from the New Banking Facilities				–	–	75.2	–
Upfront senior debt fees				–	–	(0.5)	–
Close-out of interest rate hedge				–	–	(1.2)	–
Proceeds from the issue of New Shares				–	–	143.8	–
Pre-IPO Dividend				–	–	(37.2)	–
Receipt of payment for partly paid shares				–	–	1.2	–
IPO transaction costs (capitalised to equity)	5			–	–	(7.0)	–
Net free cash flow before dividends (other than Pre-IPO Dividend)	6			11.3	13.5	6.3	19.3

Notes:

- EBITDA above has been adjusted to reflect the pro forma adjustments to the Statutory Historical Results and Statutory Forecast Results set out in Section 4.3.3, with the exception of adjustment 5 and 7 relating to the pro forma interest expense and the tax effect of the pro forma adjustments which do not impact pro forma EBITDA.
- New store expenditure includes working capital acquired as part of new store acquisitions and initial inventory purchased as part of greenfield stores.
- Net interest paid in the FY2014 Statutory Forecast Results comprises interest paid on the existing borrowings up to the date of Completion and estimated interest to be paid on the New Banking Facilities which will be drawn down on Completion.
- Income tax paid is based on the tax expense calculations summarised in Table 1 adjusted for deferred tax items, principally arising as a result of the costs of the Offer.
- The FY2014 Statutory Forecast Cash Flows already include the transaction costs expensed in the FY2014 statutory forecast EBITDA of \$7.1 million, refer to Section 4.3.3.
- The FY2015 Statutory Forecast Cash Flows and FY2015 Pro Forma Forecast Cash Flows exclude the level of interim dividend of \$5.7 million expected to be paid in FY2015 in accordance with Burson's dividend policy described in Section 4.9.

TABLE 12: SUMMARY PRO FORMA HISTORICAL CASH FLOWS FOR H1FY2013 AND H1FY2014

December half year end; \$ million	Note	Pro Forma Historical	
		H1FY2013	H1FY2014
EBITDA	1	14.2	17.7
Non-cash items		–	–
Change in working capital		10.0	0.8
Operating free cash flow (before capital expenditure)		24.2	18.5
Capital expenditure (excluding new stores)		(2.3)	(4.2)
Operating free cash flow (before new store expenditure)		21.9	14.3
New store expenditure		(3.1)	(7.2)
Net free cash flow (before financing, tax and dividends)		18.8	7.1

Note:

- EBITDA above has been adjusted to reflect the pro forma adjustments to the Statutory Historical Results and Statutory Forecast Results set out in Section 4.3.3, with the exception of adjustments 5 and 7 relating to the pro forma interest expense and the tax effect of the pro forma adjustments which do not impact pro forma EBITDA.

4.5.1. Pro forma adjustments to the Statutory Historical Cash Flows and Statutory Forecast Cash Flows

Tables 13 and 14 below set out the adjustments to the Statutory Historical Cash Flows as well as the Statutory Forecast Cash Flows to reflect the full year impact of the operating and financing structure that will be in place following Completion as if it was in place as at 1 July 2011 and to eliminate certain non-recurring items in the year in which they occurred.

TABLE 13: PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL CASH FLOWS FOR FY2012 AND FY2013

June year end; \$ million	Note	Historical	
		FY2012	FY2013
Statutory net free cash flow (before financing, tax and dividends)	1	10.2	36.0
Public company costs	2	(1.0)	(1.0)
Cash impact of other adjustments to pro forma EBITDA	3	0.9	(0.1)
Total pro forma adjustments		(0.1)	(1.1)
Pro forma net free cash flow (before financing, tax and dividends)		10.1	34.9

TABLE 14: PRO FORMA ADJUSTMENTS TO THE STATUTORY FORECAST CASH FLOWS FOR FY2014 AND FY2015

June year end; \$ million	Note	Forecast	
		FY2014	FY2015
Statutory net free cash flow before dividends (other than Pre-IPO Dividend)	1	6.3	19.3
Public company costs	2	(0.9)	–
Cash impact of other adjustments to pro forma EBITDA	3	9.5	–
Repayment of existing financing	4	111.6	–
Repayment of Loan Notes and Preference Shares	4	39.1	–
Proceeds from the New Banking Facilities	4	(75.2)	–
Upfront senior debt fees	4	0.5	–
Close-out of interest rate hedge	4	1.2	–
Proceeds from New Shares	4	(143.8)	–
Pre-IPO Dividend	4	37.2	–
Receipt of payment for partly paid shares	4	(1.2)	–
IPO transaction costs (capitalised to equity)	4	7.0	–
Interest paid	5	20.5	–
Tax paid	6	(0.5)	(5.8)
Total pro forma adjustments		5.0	(5.8)
Pro forma net free cash flow before dividends (other than Pre-IPO Dividend)		11.3	13.5

Notes for Tables 13 and 14:

1. The FY2014 Statutory Forecast Cash Flows include the Offer costs expensed in the FY2014 statutory forecast EBITDA, refer to Section 4.4.1.
2. Public company costs – the cash flow impact of public company costs to be incurred after Listing has been reflected in the pro forma consolidated statement of cash flows.
3. Cash flow impact of other adjustments to pro forma EBITDA – Table 5 details pro forma adjustments to the income statement. This adjustment relates to those adjustments that impact cash flow.
4. Adjustments relate to non-recurring cash flows that are forecast to occur in FY2014 in association with the repayment of the existing financing, draw down of funds under the New Banking Facilities and payments and receipts relating to the Offer.
5. Interest paid – an adjustment has been made to FY2014 interest paid to exclude cash payments made in FY2014 that relate to the redemption of the Preference Shares and Loan Notes as well as interest payments that will not be recurring under the New Banking Facilities.
6. Tax paid – an adjustment to tax payments has been made to show the tax payments related to the pro forma earnings in each of FY2014 and FY2015.
7. The FY2012 statutory net free cash flow (before financing, tax and dividends) has been extracted from the audited statutory accounts of Burson Automotive which the Directors consider are more meaningful than Burson's FY2012 statutory audited financial statements which only cover the post-incorporation period from 13 September 2011 to 30 June 2012.

TABLE 15: PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL CASH FLOWS FOR H1FY2013 AND H1FY2014

December half year end; \$ million	Historical	
	H1FY2013	H1FY2014
Statutory net free cash flow (before financing, tax and dividends)	19.4	7.7
Public company costs	(0.5)	(0.5)
Cash impact of other adjustments to pro forma EBITDA	(0.1)	(0.1)
Total pro forma adjustments	(0.6)	(0.6)
Pro forma net free cash flow (before financing, tax and dividends)	18.8	7.1

4.6. MANAGEMENT DISCUSSION AND ANALYSIS OF HISTORICAL FINANCIAL INFORMATION

4.6.1. General factors affecting the operating results of Burson

Below is a discussion of the main factors which affected Burson's operations and relative financial performance in FY2012, FY2013, H1FY2013 and H1FY2014 and which Burson expects may continue to affect it in the future. The discussion of those general factors is intended to provide a brief summary only and does not detail all factors that affected Burson's historical operating and financial performance, nor everything which may affect Burson's operations and financial performance in the future.

4.6.1.1 Organisational and operational structure

Since May 2011, there has been substantial investment in Burson's core organisational and operational structure to support ongoing growth. A highly experienced executive management team with new personnel and roles was appointed to lead Burson's growth strategy with respect to store growth, distribution, logistics and customer service quality.

Burson has made significant investment towards the development of key IT systems and its support personnel. IT initiatives include the introduction of a proprietary electronic systems ordering method, EzyParts, which has delivered strong growth in orders via EzyParts since its introduction in 2011. In November 2013, Burson also introduced an online distribution channel, GetCarBitz, providing revenue contribution through a differentiated customer offering. Burson has also established regular business and industry training, and team building initiatives for employees with the aim of improving the business skills, knowledge, culture and retention of personnel.

4.6.1.2 Store growth

Burson has established a strong track record of store network expansion through acquisition of stores and greenfield establishment. Past store acquisitions have comprised of single stores owned by independent operators, and groups of stores from independent operators or other corporate distributors such as Burson's acquisition of 11 Motor Traders stores from Coventry Group in May 2011. The number of stores has increased from 81 in May 2011 to 114 as at 28 February 2014 and has been a key driver of sales and earnings growth. This expansion represents an average of approximately 12 stores per annum over this period. Having determined the appropriate store acquisition and greenfield establishment opportunities, the rate of Burson's store growth has also taken into account the economic environment, business capacity, availability of suitable locations, and optimal use of capital.

Between May 2011 and December 2013, Burson acquired 30 stores at an average acquisition cost of \$600,000 to \$800,000 per store, with at least 50% of those costs relating to net working capital. The cost of acquisitions has typically included the value of inventory plus intangibles. The variance in the average acquisition cost per store has depended on the profitability of the stores, quality of inventory and the competitive position of stores (represented by location, store awareness, customer base, staff knowledge and proximity of competitors).

Between May 2011 and December 2013, Burson established six greenfield stores at an average expenditure of approximately \$650,000 to \$750,000 per store. The variance in the average greenfield establishment cost has depended on store location which determines its potential customer base and competitive environment. As a result of these factors, the cost of greenfield establishments may vary based on store size, range of parts and number of delivery vehicles relative to its location.

During FY2012, one acquired store was consolidated into another existing store, and in H1FY2014, one acquisition was consolidated into an existing Burson store and two existing stores during that period were consolidated into one store.

New stores are integrated into Burson's network and benefit from its integrated systems and processes. New stores opened in the last two years have average daily sales of approximately \$6,000 to \$7,000 in the first six to 12 months of operation before growing towards Burson's company-wide average daily sales level. New stores benefit from Burson's arrangements with suppliers as well as Burson's range of parts distributed, modern IT and logistics systems, ability to sell to workshop chains, reduced administration and accounting overheads through centralisation, and improved operating techniques. Greenfield stores generally take a longer period to grow sales and profitability than an acquired store as they do not have an established customer base and compete with other local distributors already in operation. On average, greenfield stores have taken approximately two years to reach a normalised level of earnings.

Table 16 below provides a summary of Burson's store growth between April 2011 and December 2013.

TABLE 16: NUMBER OF BURSON STORES FROM APRIL 2011 TO 31 DECEMBER 2013

	April 2011 to June 2011	FY2012	FY2013	H1FY2014	H1FY2013
Beginning number of stores	81	92	100	105	100
Acquired stores	11	7	4	8	2
Greenfield established stores	0	2	1	3	1
Stores consolidated	0	1	0	2	0
Ending number of stores	92	100	105	114	103

4.6.1.3 Revenue

Revenue is generated by Burson through the sale of automotive parts and accessories to its customers primarily through store locations across Australia (except in Western Australia and the Australian Capital Territory). Key drivers of revenue include:

- **number of stores** – affected by the number of new stores acquired and established by Burson; and
- **average daily sales** – which is a function of:
 - **customer sales per store** – impacted by the number of workshop customers in proximity of a store, the experience of store staff and customer awareness of a store, parts availability, service quality, and the competition level of other automotive parts distributors in the area;
 - **average revenue per sale** – subject to the number of parts and price paid by customers; and
 - **number of trading days** – depends on the number of days a store is open which is affected by public holidays according to its state or territory of operation.

Burson has experienced strong revenue growth as a result of same store sales growth (**SSSG**) (underpinned by long term industry growth outlined in Section 2) and expansion of its store network.

SSSG is a key performance indicator for Burson. The definition used in the Financial Information is that a store must have been operational in the Burson store network from the beginning of the previous financial year comparison period to be included in the calculation of SSSG, hence stores acquired or established during the current or comparative period are excluded. Burson's geographic spread of stores offers diversification benefits for SSSG to mitigate factors that can affect SSSG such as local economic conditions and competitive dynamics.

4.6.1.4 Gross profit margin

Cost of sales incorporates cost of inventory sold and other gross profit items such as supplier rebates, customer and supplier discounts, distribution centre charges, and stock adjustments. Burson actively manages its cost of sales via negotiations with its suppliers on price, quantity and range of SKUs. Burson's cost of sales as a percentage of revenue has fallen as a result of Burson's customer pricing reviews and securing better arrangements with its suppliers.

The following factors can affect gross profit margin:

- **selling prices** – Burson can adjust the selling price of parts to market conditions;
- **supplier rebates** – as the scale of Burson's store network and business size increases, the value of rebates received from suppliers should increase;
- **private label products** – Burson earns a higher gross profit margin on private label products than non-private label products;
- **Australian dollar** – Burson sources a majority of its parts from locally based suppliers who import products from overseas manufacturers. Such manufacturers are exposed to non-Australian dollar currency which may affect the price Burson pays for inventory. Burson has historically been able to pass on any increase in the cost of inventory to its customers via price increases. A weakness in the Australian dollar may result in higher costs of inventory for Burson; and
- **mix of business** – Burson earns greater margin on its in-store cash sales compared to the margin on its trade sales.

4.6.1.5 *Costs of doing business*

Burson has a relatively fixed cost base that provides it with operating leverage and the ability to grow earnings faster than revenue. Burson has invested significantly in its business to support growth which has seen its cost base grow historically as a result of new stores and additional head office functions.

Key costs of doing business (CODB) include:

- **employee costs** – including salaries, wages and other employment related costs of staff employed by Burson at the Company's stores, its head office and distribution centre. Employee costs are primarily fixed in nature in the short term, with the number of employees generally varying depending on the number of stores which Burson operates. Burson's employment relationship with its staff is governed by relevant awards, individual employment agreements and an enterprise bargaining agreement;
- **occupancy costs** – including lease costs for stores and the head office and distribution centre. The majority of leases are on 3-6 year terms (with options for Burson to extend) and include annual CPI-driven price increases;
- **freight costs** – including the delivery costs of inventory from Burson's distribution centre to stores, stores to stores, and third party contractors to customers; and
- **other operating costs** – including motor vehicle operating costs (used by the stores to make deliveries to customers), IT costs, communications costs, printing costs, insurances and other administration expenses.

Burson's sole existing distribution centre is located in Preston, Victoria. The possibility of a second distribution centre is being assessed, in particular whether a Queensland based distribution centre would be beneficial in providing additional storage capacity and more efficient distribution. Such benefits may include a reduction in freight costs achieved through closer proximity of inventory to stores located in the northern states of Australia. The Forecast Financial Information does not account for a second distribution centre.

An adjustment has also been made to CODB in the Pro Forma Historical Results for public company costs and remuneration which Burson estimates it will incur as a listed company. These costs include share registry fees, Director remuneration, Directors' and officers' insurance premiums, additional audit and legal costs, additional staff costs, listing fees, investor relations costs, as well as annual general meeting and annual report costs.

4.6.2. *General factors affecting the cash flow of Burson*

4.6.2.1 *Change in working capital*

Working capital includes inventories, trade payables and trade receivables.

Inventory can be affected by the range of parts Burson offers. Therefore, a greater diversity of vehicle models in Australia will require Burson to stock a greater number of SKUs. Burson's operations are heavily reliant on the availability of inventory at its stores and distribution centre in order to satisfy customer orders within a short period of time. Burson's inventory balance is indicative of the quantity of SKUs that are necessary to be in stock at Burson's stores and distribution centre.

Trade payables can be affected by the length of payment period terms agreed with suppliers. Burson has been able to extend payment terms through negotiation with its suppliers.

Trade receivables can be affected by the time a customer takes to pay Burson. However, these can be reduced through incentives such as discounts which will encourage customers to make payment at an earlier time, or on time, according to Burson's sale terms with the customers. Burson has historically experienced low levels of bad debts which have not been material in nature.

4.6.2.2 *Capital expenditure (excluding new stores)*

Capital expenditure (excluding new stores) relates to maintenance capital expenditure associated with the general purchase and replacement of operational assets such as store refurbishments, IT hardware and delivery vehicles.

4.6.2.3 *New store expenditure*

Expenditure relating to the cash acquisition price or establishment cost of new stores includes working capital and other net assets.

4.6.3. Pro Forma Historical Results and key performance indicators: FY2013 compared to FY2012

Table 17 below sets out the summary of Pro Forma Historical Results and selected key performance indicators for FY2012 and FY2013.

TABLE 17: SUMMARY PRO FORMA HISTORICAL RESULTS AND KEY PERFORMANCE INDICATORS: FY2013 COMPARED TO FY2012

June year end; \$ million	Pro Forma Historical Results		
	FY2012	FY2013	Change
Total revenue	284.3	306.3	7.7%
Cost of goods sold	(172.2)	(176.9)	2.7%
Gross profit	112.1	129.4	15.4%
Gross profit margin	39.4%	42.2%	280bps
Employee costs	(54.7)	(61.5)	12.4%
Occupancy costs	(9.0)	(10.0)	11.1%
Freight costs	(8.6)	(9.0)	4.7%
Other operating costs	(17.2)	(18.7)	9.4%
Total costs of doing business (CODB)	(89.4)	(99.2)	11.0%
CODB as a % of total revenue	31.5%	32.4%	92bps
EBITDA	22.7	30.2	33.0%
EBITDA margin	8.0%	9.9%	188bps
Depreciation and amortisation	(3.6)	(3.9)	8.3%
EBIT	19.1	26.3	37.7%
EBIT margin	6.7%	8.6%	188bps
Summary of key performance indicators			
Number of continuing stores (period end)	100	105	5.0%
Same-store average daily sales growth on pcg	na	2.1%	na

4.6.3.1 Revenue

Revenue grew 7.7%, from \$284.3 million in FY2012 to \$306.3 million in FY2013. This reflected:

- same-store daily sales growth of 2.1%, reflecting a mix of strong growth in Queensland stores, steady growth in NSW, South Australia and Tasmania, and weaker trading in Victoria. SSSG in Victoria experienced short term weakness as a result of Burson repositioning prices to a similar level to its competitors. This resulted in higher gross margin but short term weakness in SSSG;
- full year impact of nine new stores acquired or established in FY2012 contributing to 4.0% of revenue growth. During FY2012, one acquired store was consolidated into an existing store; and
- five new stores in FY2013 comprising the acquisition of four stores (three in Queensland and one in New South Wales) and establishment of one greenfield store in Brookvale, NSW, contributing to 1.7% of revenue growth.

4.6.3.2 Gross profit

Gross profit grew 15.4%, from \$112.1 million in FY2012 to \$129.4 million in FY2013, while gross profit margin increased from 39.4% to 42.2% over the same period. The improvement in gross profit margin reflected the benefit of renegotiated supplier terms that took place between June 2012 and March 2013 in relation to Burson's suppliers and customer pricing reviews across the business.

4.6.3.3 Costs of doing business

Total CODB grew 11%, from \$89.4 million in FY2012 to \$99.2 million in FY2013. As a percentage of sales, CODB rose 0.9% to 32.4% in FY2013, reflecting the full year impact of the management structure put in place to grow the business and the timing of new store acquisitions in FY2012 (eight of the nine stores acquired in FY2012 were in the second half of the fiscal year). The CODB of new stores is typically a higher percentage of sales in the first two years of operation as sales ramp up across this period.

4.6.3.4 EBITDA and EBIT

EBITDA grew 33.0%, from \$22.7 million in FY2012 to \$30.2 million in FY2013, while EBITDA margin increased from 8.0% to 9.9% over the same period driven by the growth in revenue and increase in gross profit margin. EBIT grew 37.7%, from \$19.1 million in FY2012 to \$26.3 million in FY2013, while EBIT margin increased from 6.7% to 8.6% over the same period.

4.6.4. Pro forma consolidated cash flows: FY2013 compared to FY2012

Table 18 below sets out the summary Pro Forma Historical Cash flows for FY2012 and FY2013.

TABLE 18: SUMMARY PRO FORMA HISTORICAL CASH FLOW FOR FY2012 AND FY2013

June year end; \$ million	Note	Pro Forma Historical Cash Flows		
		FY2012	FY2013	Change
EBITDA		22.7	30.2	33.0%
Non-cash items	1	–	–	nm
Change in working capital	1	(4.5)	13.3	nm
Operating free cash flow (before capital expenditure)		18.2	43.5	139.0%
Capital expenditure (excluding new stores)		(3.4)	(4.7)	38.2%
Operating free cash flow (before new store expenditure)		14.8	38.8	162.2%
New store expenditure		(4.7)	(3.9)	(17.0%)
Net free cash flow (before financing, tax and dividends)		10.1	34.9	245.5%

Note:

1. nm – not meaningful.

4.6.4.1 Change in working capital

In FY2013, working capital decreased by \$13.3 million driven by the renegotiated credit terms with key suppliers. Average creditors days increased by approximately 30 days during the 12 months beginning from the fourth quarter of FY2012, leading to an increase in trade payables.

4.6.4.2 Capital expenditure (excluding new stores)

Capital expenditure (excluding new stores) in FY2013 was predominantly for the replacement of motor vehicles, existing store refurbishments and improvements in IT infrastructure, including customer online ordering, tablets for sales representatives, and in-store technology to improve efficiency of stock taking and sales. These investments were focused on improving customer service and reducing the cost of doing business.

4.6.4.3 New store expenditure

In FY2012 there were a total of nine new stores comprising:

- five Car Bitz stores located in North Queensland;
- two further acquisitions located in Townsville, Queensland and Victor Harbor, South Australia; and
- two greenfield establishments located in Yarrowonga, Northern Territory and Lismore, New South Wales.

In FY2013, there were a total of five new stores comprising four acquisitions and one greenfield establishment.

The acquired stores in FY2013 included:

- one store located in Castle Hill, New South Wales; and
- three stores located in Queensland – Victoria Street in Mackay, Chain Street in Mackay, and Bundaberg.

The greenfield store in FY2013 was established in Brookvale, New South Wales.

4.6.5. Pro Forma Historical Results: H1FY2014 compared to H1FY2013

Table 19 below sets out the summary Pro Forma Historical Results and selected key performance indicators for H1FY2013 and H1FY2014.

TABLE 19: SUMMARY PRO FORMA HISTORICAL RESULTS AND KEY PERFORMANCE INDICATORS: H1FY2014 COMPARED TO H1FY2013

December half year end; \$ million	Pro Forma Historical Results		
	H1FY2013	H1FY2014	Change
Total revenue	151.4	168.7	11.4%
Cost of goods sold	(88.0)	(95.9)	9.0%
Gross profit	63.4	72.8	14.8%
<i>Gross profit margin</i>	<i>41.9%</i>	<i>43.2%</i>	<i>128bps</i>
Employee costs	(30.6)	(34.1)	11.4%
Occupancy costs	(4.9)	(5.5)	12.2%
Freight costs	(4.5)	(5.5)	22.2%
Other operating costs	(9.2)	(10.0)	8.7%
Total costs of doing business (CODB)	(49.2)	(55.1)	12.0%
<i>CODB as a % of total revenue</i>	<i>32.5%</i>	<i>32.7%</i>	<i>16bps</i>
EBITDA	14.2	17.7	24.7%
<i>EBITDA margin</i>	<i>9.4%</i>	<i>10.5%</i>	<i>112bps</i>
Depreciation and amortisation	(2.0)	(2.1)	5.0%
EBIT	12.2	15.6	27.9%
<i>EBIT margin</i>	<i>8.0%</i>	<i>9.2%</i>	<i>119bps</i>
Summary of key performance indicators			
Number of continuing stores (period end)	103	114	10.7%
Same-store average daily sales growth on pcp	na	3.7%	na

4.6.5.1 Revenue

Revenue grew 11.4%, from \$151.4 million in H1FY2013 to \$168.7 million in H1FY2014, which reflected:

- Same-store average daily sales growth of 3.7%, driven by double-digit growth in South Australia reflecting the growth from the Motor Traders stores acquired in May 2011 that have significantly benefited from Burson's operations and network;
- Consistent growth in Queensland and New South Wales as Burson benefits from increasing scale across those states, and continued improvement in trading in Victoria as a result of management initiatives and focus;
- Full year impact of five new stores acquired or established in FY2013 contributing to 3.2% of revenue growth; and
- 11 new stores in H1FY2014 comprising the acquisition of eight stores (including four Precision Auto Spares stores in inner Sydney) and establishment of three greenfield stores (two in Queensland and one in New South Wales), contributing to 4.5% of revenue growth. During H1FY2014, one acquisition was consolidated into an existing Burson store and two existing stores were consolidated into one store.

4.6.5.2 Gross profit

Gross profit grew 14.8%, from \$63.4 million in H1FY2013 to \$72.8 million in H1FY2014, while gross profit margin increased from 41.9% to 43.2% over the same period. The improvement in gross profit margin predominantly reflected the review of Burson's customer pricing and the full year impact of renegotiated supplier terms during FY2013.

4.6.5.3 Costs of doing business

Total CODB grew 12.0%, from \$49.2 million in H1FY2013 to \$55.1 million in H1FY2014. The increase in CODB is slightly above previous periods due to the higher number of new stores established during H1FY2014 and higher freight costs incurred as growth in the business was largely outside of Victoria (through store acquisitions in New South Wales and Queensland) which results in higher freight costs due to the location of Burson's distribution centre in Victoria. Higher CODB is offset by incremental revenue from geographic diversification of Burson's stores resulting in a relatively stable CODB as a percentage of sales. The volume and timing of new stores also impacts the CODB percentage of sales, due to their costs being higher than average in the first two years of operation.

4.6.5.4 EBITDA and EBIT

EBITDA grew 24.7%, from \$14.2 million in H1FY2013 to \$17.7 million in H1FY2014, while EBITDA margin increased from 9.4% to 10.5% over the same period driven by the continued growth in revenue and increase in gross profit margin. EBIT grew 27.9%, from \$12.2 million in H1FY2013 to \$15.6 million in H1FY2014, while EBIT margin increased from 8.0% to 9.2% over the same period.

4.6.6. Pro Forma Historical Cash Flows: H1FY2014 compared to H1FY2013

Table 20 below sets out the summary of the Pro Forma Historical Cash Flows for H1FY2014 and H1FY2013.

TABLE 20: SUMMARY PRO FORMA HISTORICAL CASH FLOWS FOR H1FY2013 AND H1FY2014

December half year end; \$ million	Note	Pro Forma Historical Cash Flows		
		H1FY2013	H1FY2014	Change
EBITDA		14.2	17.7	24.6%
Non-cash items	1	–	–	nm
Change in working capital	1	10.0	0.8	nm
Operating free cash flow (before capital expenditure)		24.2	18.5	(23.6%)
Capital expenditure (excluding new stores)		(2.3)	(4.2)	82.6%
Operating free cash flow (before new store expenditure)		21.9	14.3	(34.7%)
New store expenditure		(3.1)	(7.2)	132.3%
Net free cash flow (before financing, tax and dividends)		18.8	7.1	(62.2%)

Note:

1. nm – not meaningful.

4.6.6.1 Change in working capital

In H1FY2014, average trade creditors days continued to grow following supplier renegotiations. As a result, trade payables increased but was offset by inventory range expansion initiatives, subsequently resulting in a relatively flat working capital.

4.6.6.2 Capital expenditure (excluding new stores)

Capital expenditure (excluding new stores) in H1FY2014 was predominantly for the store refurbishments, store relocations, replacement of motor vehicles, and improvements in IT infrastructure, including new software licenses and printer upgrades.

4.6.6.3 New store expenditure

In H1FY2013, there were a total of three new stores comprising two acquisitions and one greenfield establishment. The greenfield store was established in Brookvale, New South Wales. The acquired stores included:

- one store located in Castle Hill, New South Wales; and
- one store located in Victoria Street in Mackay, Queensland.

In H2FY2013, there were a total of two new stores which were both acquisitions in Queensland (Chain Street in Mackay and Bundaberg).

In H1FY2014, there were a total of 11 new stores comprising eight acquisitions and three greenfield establishments. During H1FY2014, one of the acquired stores was consolidated with an existing Burson store and two existing stores were combined into one. Two greenfield stores were established in Queensland located in the areas of Redcliff and Labrador, and one greenfield store was established in Pakenham, Victoria. The acquired stores included:

- four Precision Auto Spares stores located in the inner-Sydney areas of Botany, Waterloo, Bondi and Gladesville;
- three stores in New South Wales, located in Peakhurst, Carlton and Wetherill Park; and
- one store located in Coolalinga, Northern Territory.

4.7. PRO FORMA FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by Burson, which are in accordance with the Accounting Standards and are disclosed in Appendix A. It is assumed that there will be no changes to Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on Burson's accounting policies during the forecast period.

The Forecast Financial Information is based on various best estimate assumptions concerning future events, including those set out below. In preparing the Forecast Financial Information, Burson has undertaken an analysis of historical performance and applied assumptions in order to predict future performance for FY2014 and FY2015. Burson believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus, including each of the general assumptions set out in Section 4.7.1.

However, the actual results are likely to vary from that forecast and any variation may be materially positive or negative. The assumptions upon 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 Burson and its Directors, and are not reliably predictable.

Accordingly, none of Burson, its Directors or any other person can give you any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material positive or negative impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and the Independent Limited Assurance Report on the Forecast Financial Information set out in Section 8. A reconciliation of the Pro Forma Forecast Results to the Statutory Forecast Results is set out in Section 4.3.3.

4.7.1. General assumptions

In preparing the Forecast Financial Information, the following general assumptions relating to the forecasts period have been adopted by the Directors:

- no material change in the competitive operating environment in which Burson operates;
- no significant deviation from current market expectations of global or local Australian economic conditions relevant to the automotive parts trade distribution industry in Australia;
- no material changes in Commonwealth, State or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of Burson during the forecast period;
- no material changes in applicable Australian Accounting Standards or other mandatory professional reporting requirements or the Corporations Act which have a material effect on Burson's financial performance, financial position, accounting policies, financial reporting or disclosure during the forecast period;
- no material loss of material contracts or customers;
- supplier price increases will be passed on to customers in line with historical practice;
- no material cash flow or income statement or financial position impact in relation to industrial strikes or other industry disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of Burson;
- retention of key personnel and Burson maintains its ability to recruit and retain the personnel required to support future growth;
- no material restructuring, disruption to the continuity of Burson's operations or other material changes in its business;
- no material acquisitions, including store acquisitions or greenfield establishments, other than as set out in, or contemplated by, this Prospectus;
- no material changes to Burson's operating model or capital structure other than as set out in, or contemplated by, this Prospectus;
- no material amendment to any material agreement or arrangement relating to Burson's businesses;
- no material adverse changes to Burson's product sourcing arrangements or costs;
- none of the key risks set out in Section 5 occur, or if they do, none of them has a material adverse impact on the operations of Burson;
- the Offer proceeds are received in accordance with the timetable and terms detailed in Section 7 of the Prospectus and is underwritten; and
- the interim FY2015 dividend is paid in April 2015.

4.7.2. Specific assumptions

4.7.2.1 Pro Forma Historical Results and Pro Forma Forecast Results: FY2014 compared to FY2013

The Pro Forma Forecast Results for the year ending 30 June 2014 have been prepared on the basis of the reviewed Pro Forma Historical Results for the six months ended 31 December 2013 and Burson's pro forma consolidated forecast income statement for the six months ending 30 June 2014. Burson's forecast for the six months ending 30 June 2014 also has regard to the current trading performance of Burson up until the Prospectus Date.

Table 21 below sets out the Pro Forma Forecast Results for FY2014 compared to the Pro Forma Historical Results for FY2013.

TABLE 21: PRO FORMA HISTORICAL RESULTS AND PRO FORMA FORECAST RESULTS: FY2014 COMPARED TO FY2013

June year end; \$ million	Pro Forma Historical Results and Pro Forma Forecast Results		
	FY2013	FY2014	Change
Total revenue	306.3	340.8	11.3%
Cost of goods sold	(176.9)	(193.5)	9.4%
Gross profit	129.4	147.3	13.9%
<i>Gross profit margin</i>	<i>42.2%</i>	<i>43.2%</i>	<i>99bps</i>
Employee costs	(61.5)	(69.3)	12.7%
Occupancy costs	(10.0)	(11.2)	12.0%
Freight costs	(9.0)	(11.1)	23.3%
Other operating costs	(18.7)	(20.0)	7.0%
Total costs of doing business (CODB)	(99.2)	(111.6)	12.5%
<i>CODB as a % of total revenue</i>	<i>32.4%</i>	<i>32.7%</i>	<i>37bps</i>
EBITDA	30.2	35.7	18.2%
<i>EBITDA margin</i>	<i>9.9%</i>	<i>10.5%</i>	<i>62bps</i>
Depreciation and amortisation	(3.9)	(4.3)	10.3%
EBIT	26.3	31.4	19.4%
<i>EBIT margin</i>	<i>8.6%</i>	<i>9.2%</i>	<i>61bps</i>
Net interest expense	(3.7)	(3.9)	5.4%
Profit before tax	22.6	27.5	21.7%
Income tax expense	(6.6)	(8.2)	24.2%
NPAT	16.0	19.3	20.6%
Summary of key performance indicators			
Number of continuing stores (period end)	105	115	9.5%
Same-store average daily sales growth on pcp	2.1%	3.7%	160bps

The key assumptions underpinning the FY2014 Pro forma Forecast Results are as follows:

4.7.2.2 Revenue

Revenue is forecast to grow 11.3%, from \$306.3 million in FY2013 to \$340.8 million in FY2014 as a result of:

- same-store average daily sales growth of 3.7%, driven by continued strong growth in South Australia and Tasmania from management initiatives, consistent growth in New South Wales and South Queensland as Burson benefits from increasing scale across those states, broadening of product range initiatives and continued improvement in trading in Victoria as a result of management initiatives and focus;
- full year impact of five new stores acquired or established in FY2013 contributing to 1.8% of revenue growth; and
- 12 new stores, of which 11 have already been acquired or established in H1FY2014. These 12 new stores are expected to contribute 5.7% towards revenue growth for FY2014. The new store to be established in H2FY2014 is expected to generate average daily sales consistent with the historical average daily sales for stores opened in the last two years of approximately \$6,000 to \$7,000 in the first six to 12 months of operation. Any delay in the commencement of this new store will not materially impact FY2014 forecasts.

4.7.2.3 Gross profit

Gross profit is forecast to grow 13.9%, from \$129.4 million in FY2013 to \$147.3 million in FY2014, while gross profit margin is forecast to increase from 42.2% to 43.2% over the same period. The improvement in gross profit margin is expected to be driven by the full year impact of the renegotiated supplier rebate terms which were finalised in February 2013 and had largely taken effect from July 2013. Recent direct sourcing activities and margin enhancing initiatives have also contributed to the uplift in gross profit margin.

4.7.2.4 Costs of doing business

Total CODB is forecast to grow 12.5%, from \$99.2 million in FY2013 to \$111.6 million in FY2014 reflecting the 12 new stores during the year (primarily in H1FY2014) and the impact of cost increases in employee and occupancy costs.

4.7.2.5 EBITDA and EBIT

EBITDA is forecast to grow 18.2%, from \$30.2 million in FY2013 to \$35.7 million in FY2014, while EBITDA margin is expected to increase from 9.9% to 10.5% over the same period driven by the growth in revenue and improved gross profit margins. EBIT is forecast to grow 19.4%, from \$26.3 million in FY2013 to \$31.4 million in FY2014, while EBIT margin is expected to increase from 8.6% to 9.2% over the same period.

4.7.2.6 Pro Forma Historical Cash Flows and Pro Forma Forecast Cash Flows: FY2014 compared to FY2013

Table 22 below sets out the summary of the Pro Forma Historical Cash Flows for FY2013 and the Pro Forma Forecast Cash Flows for FY2014.

TABLE 22: SUMMARY PRO FORMA CONSOLIDATED CASH FLOW STATEMENTS FOR FY2013 AND FY2014

June year end; \$ million	Note	Pro Forma Historical and Forecast Results		
		FY2013	FY2014	Change
EBITDA		30.2	35.7	18.2%
Non-cash items	1	—	—	nm
Change in working capital	1	13.3	0.3	nm
Operating free cash flow (before capital expenditure)		43.5	36.0	(17.2%)
Capital expenditure (excluding new stores)		(4.7)	(6.8)	44.7%
Operating free cash flow (before new store expenditure)		38.8	29.2	(24.7%)
New store expenditure		(3.9)	(10.2)	161.5%
Net free cash flow (before financing, tax and dividends)		34.9	19.0	(45.6%)

Note:

1. nm – not meaningful.

The key assumptions underpinning the FY2014 Pro Forma Forecast Cash Flows are as follows:

4.7.2.7 Change in working capital

In FY2014, working capital is forecast to be relatively flat due to an inventory range expansion initiative, which is expected to offset a continued increase in creditors days as a result of the full year impact of renegotiated supplier terms.

4.7.2.8 Capital expenditure (excluding new stores)

Capital expenditure (excluding new stores) in FY2014 is forecast to be driven by replacement of delivery vehicles, store refurbishments, store relocations, printer upgrades, and investments in IT including software licenses and Burson's online retail store GetCarBitz.

4.7.2.9 New store expenditure

In FY2014, 12 new stores are forecast to commence operations at a total cost of \$10.2 million. New stores in FY2014 include the 11 new stores acquired during H1FY2014 plus a further store assumed to be factored into Burson's FY2014 financial forecasts and expected to form part of its store network by the end of FY2014. Some allowance has also been made for the potential accelerated timing of the store expansion program assumed for FY2015.

4.7.2.10 Pro Forma Forecast Results: FY2015 compared to FY2014

Table 23 below sets out the Pro Forma Forecast Results for FY2015 compared to the Pro Forma Forecast Results for FY2014.

TABLE 23: PRO FORMA CONSOLIDATED FORECAST INCOME STATEMENTS: FY2015 COMPARED TO FY2014

June year end; \$ million	Pro Forma Forecast Results		
	FY2014	FY2015	Change
Total revenue	340.8	366.4	7.5%
Cost of goods sold	(193.5)	(206.9)	6.9%
Gross profit	147.3	159.5	8.3%
<i>Gross profit margin</i>	<i>43.2%</i>	<i>43.5%</i>	<i>31bps</i>
Employee costs	(69.3)	(75.1)	8.4%
Occupancy costs	(11.2)	(12.1)	8.0%
Freight costs	(11.1)	(11.9)	7.2%
Other operating costs	(20.0)	(20.8)	4.0%
Total costs of doing business (CODB)	(111.6)	(119.9)	7.4%
<i>CODB as a % of total revenue</i>	<i>32.7%</i>	<i>32.7%</i>	<i>(1bps)</i>
EBITDA	35.7	39.6	10.9%
<i>EBITDA margin</i>	<i>10.5%</i>	<i>10.8%</i>	<i>31bps</i>
Depreciation and amortisation	(4.3)	(4.5)	4.7%
EBIT	31.4	35.1	11.8%
<i>EBIT margin</i>	<i>9.2%</i>	<i>9.6%</i>	<i>36bps</i>
Net interest expense	(3.9)	(3.8)	(2.6%)
Profit before tax	27.5	31.3	13.8%
Income tax expense	(8.2)	(9.4)	14.6%
NPAT	19.3	21.9	13.5%
Summary of key performance indicators			
Number of continuing stores (period end)	115	124	7.8%
Same-store average daily sales growth on pcp	3.7%	3.1%	(58bps)

The key assumptions underpinning the FY2015 Pro forma Forecast Results are as follows:

4.7.2.11 Revenue

Revenue is forecast to grow 7.5%, from \$340.8 million in FY2014 to \$366.4 million in FY2015 as a result of:

- same-store daily sales growth of 3.1%, driven largely by continued scale benefits with mid-single digit growth across New South Wales, Queensland and South Australia, while Victoria is expected to continue the trend of steady improvement as a result of management focus and initiatives;
- full year impact of 12 new stores acquired or established in FY2014 contributing to 2.4% of revenue growth;
- nine new stores through a combination of acquisition and greenfield establishments which are expected to contribute 2.0% towards revenue growth. The commencement of these new stores has been phased throughout the year. These new stores are expected to generate average daily sales consistent with the historical average daily sales for stores opened in the last two years of approximately \$6,000 to \$7,000 in the first six to 12 months of operation. The impact of a delay in the commencement of these stores on the FY2015 forecast has been shown as a sensitivity in section 4.8; and
- GetCarBitz will begin to contribute revenue in FY2015.

4.7.2.12 Gross profit

Gross profit is forecast to grow 8.3%, from \$147.3 million in FY2014 to \$159.5 million in FY2015, while gross profit margin is forecast to increase from 43.2% to 43.5% over the same period. Management expects gross profit margin to remain relatively stable over the forecast period. Private label initiatives, benefits from direct sourcing and continued improvement in rebate terms with suppliers are expected to support the uplift in gross profit.

4.7.2.13 Costs of doing business

Total CODB is forecast to grow 7.4%, from \$111.6 million in FY2014 to \$119.9 million in FY2015, driven by new stores and cost increases. The 7.4% increase in CODB in FY2015 is forecast to be smaller than the 12.5% increase in the prior year due to the timing of new store acquisitions, with the majority of new stores commencing during H1FY2014. It is assumed new store acquisitions and greenfield establishments in FY2015 are phased evenly throughout the year. CODB as a percentage of revenue is forecast to be flat at 32.7%. CODB in FY2015 is also impacted by an increase in public company costs and remuneration relative to FY2014.

4.7.2.14 EBITDA and EBIT

EBITDA is forecast to grow 10.9%, from \$35.7 million in FY2014 to \$39.6 million in FY2015, while EBITDA margin is expected to increase from 10.5% to 10.8% over the same period again driven by continued revenue growth and gross profit margin improvement. EBIT is forecast to grow 11.8%, from \$31.4 million in FY2014 to \$35.1 million in FY2015, while EBIT margin is expected to increase from 9.2% to 9.6% over the same period.

4.7.2.15 Pro Forma Forecast Cash Flows: FY2015 compared to FY2014

Table 24 below sets out the summary of the Pro Forma Forecast Cash Flows for FY2014 and FY2015.

TABLE 24: SUMMARY PRO FORMA FORECAST CASH FLOWS FOR FY2014 AND FY2015

June year end; \$ million	Note	Pro Forma Forecast Results		
		FY2014	FY2015	Change
EBITDA		35.7	39.6	10.9%
Non-cash items	1	–	0.2	nm
Change in working capital	1	0.3	(1.1)	nm
Operating free cash flow (before capital expenditure)		36.0	38.7	7.5%
Capital expenditure (excluding new stores)		(6.8)	(5.5)	(19.1%)
Operating free cash flow (before new store expenditure)		29.2	33.2	13.7%
New store expenditure		(10.2)	(6.7)	(34.3%)
Net free cash flow (before financing, tax and dividends)		19.0	26.5	39.5%

Note:

1. nm – not meaningful.

The key assumptions underpinning the FY2015 Pro Forma Forecast Cash flows are as follows:

4.7.2.16 Change in working capital

In FY2015, working capital is forecast to increase by \$1.1 million as growth in inventory driven by range expansion initiatives are expected to offset a further forecast increase in creditors days.

4.7.2.17 Capital expenditure (excluding new stores)

Capital expenditure (excluding new stores) in FY2015 is driven by replacement delivery vehicles, store refurbishments, store relocations and investments in IT infrastructure.

4.7.2.18 New store expenditure

In FY2015, Burson is expected to expand its store network by nine new stores at a total cost of \$6.7 million. These stores are likely to come from a combination of acquisitions and greenfields. The full earnings and cash flow benefit of new stores may not be fully realised until after FY2015 depending on the integration period and timing of acquisition or establishment. The exact timing of new stores is difficult to forecast as they depend on many factors including negotiations with sellers, property leases and availability of staff.

At the end of FY2015, Burson expects to have 124 stores in operation which reflects a continuation of its historical annual growth rate of approximately 12 new stores per annum. Management pursues new store expansion opportunities as they arise depending on the potential new store's suitability to Burson's strategic and financial requirements.

4.8. SENSITIVITY ANALYSIS

The Forecast Financial Information included in Section 4.7 is based on a number of estimates and assumptions as described in Sections 4.7.1 and 4.7.2. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Burson, 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 in Table 25 is a summary of the sensitivity of the Pro Forma Forecast Results to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown. For the purposes of this analysis, each sensitivity is presented in terms of the impact of each on FY2015 pro forma forecast NPAT of \$22.8 million and is set out below.

TABLE 25: NPAT SENSITIVITY TO KEY FACTORS OF BURSON'S OPERATIONS

Assumption	Increase / Decrease	FY2015 pro forma NPAT impact (\$ million)
Change in timing of new store roll out	+/- 3 months	+/- 0.1
Change in average daily sales (based on volume change)	+100bps / -100bps	+/- 1.1
Change in average selling prices with no change in cost	+100bps / -100bps	+/- 2.6
Change in gross profit margin	+100bps / -100bps	+/- 2.6
Change in employee costs	+100bps / -100bps	+/- 0.5
Interest cost	+50bps / -50bps	+/- 0.3
Effective tax rate	+100bps / -100bps	+/- 0.3

Care should be taken in interpreting each sensitivity. The estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions, in order to illustrate the likely impact on the Pro Forma Forecast Results. In practice, changes in assumptions may offset each other or be additive, and it is likely that management would respond to any adverse change in one item to seek to minimise the net effect on Burson's NPAT and cash flow.

4.9. DIVIDEND POLICY

No dividend will be paid following Listing in respect of the FY2014 fiscal year.

Depending on available profits and the financial position of Burson, it is the current intention of the Board to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year. It is expected that all future dividends will be franked to the maximum extent possible. With respect to the second half of the fiscal year, a larger proportion of Burson's dividend is expected to be paid compared to the first half of the fiscal year.

The payment of a dividend by Burson is at the discretion of the Directors and will be a function of a number of factors, including the general business conditions, the operating results and financial condition of Burson, future funding requirements, compliance with debt facilities, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by Burson, and any other factors the Directors may consider relevant.

Having regard to the factors outlined above, it is the Board's current intention to target a payout ratio of 65% of statutory NPAT in FY2015, with 40% paid as an interim dividend and 60% as a final dividend.

Beyond FY2015, the Directors intend to target a payout ratio of between 60% and 70% of statutory NPAT. The level of payout ratio is expected to vary between periods depending on the factors above and, in particular, 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.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend.

5 *Risks*



5.1. INTRODUCTION

Burson is subject to risk factors that are both specific to its business activities and that are of a more general nature. Each of the risks set out below could, in isolation or in combination, if they eventuate, have a material adverse impact on Burson's business, financial condition and results of operations. Investors should note that this Section 5 does not purport to list every risk that may be associated with an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of Burson, its Directors and management.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax advisor or other independent and qualified professional adviser before deciding whether to invest.

5.2. RISKS SPECIFIC TO AN INVESTMENT IN BURSON

5.2.1. Increased competition

The Australian automotive parts industry is highly competitive and Burson may face increased competition from:

- existing competitors, who may undertake price discounting or aggressive marketing campaigns, or significantly increase customer service levels. This competition could be heightened if there is consolidation between or growth by existing competitors such that there are more trade distributors who have access to scale benefits;
- new competitors that enter the industry;
- OEMs, for example through price discounting or extension of vehicle warranties, incentivising vehicle owners to service vehicles through dealerships to maintain their vehicle warranty;
- new technologies that replace, reduce or delay the requirement for vehicle servicing; and
- manufacturers bypassing distributors and selling directly to workshops.

Increased competition could have an adverse effect on the financial performance, industry position and future prospects of Burson.

5.2.2. Increased bargaining power of customers

A significant majority of Burson's sales is derived from repeat orders from customers. Burson may experience increased bargaining power from customers due to:

- consolidation of existing workshops, forming larger chains;
- greater participation of existing workshops in purchasing and buying groups; and
- closure of independent workshops, resulting in greater industry share of larger chains.

Consistent with the practice in the automotive parts distribution industry, Burson's customers are not contracted on a long-term basis and may easily switch between different distributors. This gives customers bargaining power.

An increase in bargaining power of customers may result in a decrease in prices or loss of customer accounts. This may adversely affect Burson's sales and profitability.

5.2.3. Supplier pressure or relationship damage

Burson's business model depends on having access to a wide range of automotive parts, in particular parts with established brands that drive customer orders. An increase in pricing pressure from suppliers or a damaged relationship with a supplier may cause a rise in the prices at which Burson procures parts or limit Burson's ability to procure parts. If prices of parts increase, Burson will be forced to pass on or absorb the price increases, which may result in a decreased demand for Burson's products or a decrease in profitability respectively. If Burson is no longer able to order parts from a key supplier, Burson may lose customer orders and accounts, resulting in lower sales. Any decline in demand, sales or profitability may have an adverse effect on Burson's business and financial performance.

5.2.4. Acquisition risk

A key part of Burson's growth strategy is increasing the size of its store network, which it intends to do principally through acquisitions. If suitable acquisition targets are not able to be identified, or acquisitions are not able to be made on acceptable terms, then this may limit Burson's ability to realise its growth strategy within the expected timeframe.

Further, acquisitions that are made may prove not to be as successful as Burson anticipates, including due to issues arising from integrating new businesses. This could negatively impact Burson's financial performance and its capacity to pursue further acquisitions.

5.2.5. Postponing servicing

Sales of automotive parts are impacted by the frequency of vehicle servicing. Any postponement of servicing by vehicle owners, either through delaying the service or opting-out of particular jobs, is likely to decrease the demand for automotive parts. Postponed servicing may be a result of general economic conditions or vehicle manufacturers increasing their service intervals. Burson's revenue generation is likely to be negatively affected by the postponement of servicing.

5.2.6. Business disruptions

Burson currently operates one distribution centre, which supplies all Burson's stores in Australia, and an ERP system, which manages the inventory across all stores and the distribution centre. A disruption in the systems and processes utilised in Burson's business can affect part availability across Australia and result in delays in the delivery of parts to Burson's customers. Stock-outs and delays in delivery can have the short-term effect of lost orders for the period as well as the longer term consequence of the loss of customer accounts. Loss of orders and customer accounts may result in a decrease in Burson's revenue and earnings.

5.2.7. Unfavourable vehicle trends

Demand for automotive parts is a function of a number of factors, which include:

- the number of vehicles – if the number of vehicles in Australia decreases, the demand for vehicle servicing and hence the demand for automotive parts may also decrease;
- vehicle age – the majority of Burson's sales relate to vehicles that are four years or older. Changes to the age mix such that there is a lower proportion of older vehicles among the total vehicle population can reduce the demand for automotive parts as owners of newer vehicles tend to service their vehicles at OEM dealer workshops that use OEM parts; and
- vehicle usage – a change in vehicle usage that results in fewer kilometres driven may result in lower service requirements, leading to a decrease in demand for automotive parts.

If there is a decrease in demand for automotive parts, Burson's revenue and profitability may be reduced.

5.2.8. Industry-wide parts shortage

The increasing diversification of the passenger vehicle population and increasing presence of European and overseas manufactured vehicles may cause an industry-wide parts shortage if the parts available from Burson's suppliers do not adapt quickly enough to reflect the changing vehicle composition. Burson's sales would be negatively impacted by an industry-wide shortage in required parts.

5.2.9. Disruption to product sourcing

Burson's business relies on being able to access a wide variety of SKUs from its suppliers and having the required part available for timely delivery to its customers when ordered. As a result, Burson is exposed to risks arising from potential and collective delays and defaults by suppliers in delivering parts to Burson. Any such delay or default may adversely impact Burson's ability to provide its customers with the timely delivery of the required part which may in turn damage the customer relationship and ultimately impact Burson's sales.

5.2.10. Credit risk

Burson derives a significant proportion of its revenue from purchases on account. If customers default on their payments, Burson may have to write-off some of its account receivables, which could adversely impact Burson's sales and profitability.

5.2.11. Termination of relationship with Capricorn Society

A significant number of independent workshops belong to a co-operative called Capricorn Society that establishes credit and payment terms for its members. Burson is currently an authorised supplier to Capricorn Society's members. In the event that Burson's relationship with Capricorn Society is terminated, Burson may experience a decrease in its customer base and be exposed to the increased credit risk of individual, independent workshops.

5.2.12. Employee recruitment risk and retention

The successful operation of Burson relies on Burson's ability to attract and retain experienced and high performing employees (including store managers and sales staff) and executives. Failure to achieve this may:

- negatively impact Burson's sales which are highly dependent on the ability of store managers and sales staff to retain and grow the order volume of existing customer accounts and acquire new accounts through the application of their product knowledge, understanding of the local industry and established customer relationships; and
- adversely affect Burson's ability to develop and implement its business strategies and result in a material increase in the costs of securing experienced and high performing executives.

5.2.13. Burson may be affected by a change in the value of the Australian dollar

While Burson predominantly purchases parts from local suppliers in Australian dollars, a significant portion are manufactured overseas. Fluctuations in the value of currencies may affect the prices at which Burson purchases parts from suppliers and result in volatility in Burson's profitability if Burson cannot pass price changes on to its customers.

5.2.14. Burson may suffer damage to its reputation or the reputation of its key product brands

The reputation of Burson and its products is important in attracting customers and employees. Reputational damage could arise due to a number of circumstances, including inadequate service or poor quality products. A significant majority of Burson's sales is derived from repeat orders from long term customers and customer groups. Reputational damage may potentially result in a fall in customer orders and impinge on Burson's ability to both maintain relationships with existing customers and retain or attract key employees. If this were to occur, Burson's financial performance may be negatively impacted.

5.2.15. Relationships with landlords may deteriorate

Burson has 114 stores (as at 28 February 2014) across Australia and one distribution centre. Store leases are typically for three to five years with an option to extend. Burson leases these premises from a number of landlords. The leases typically contain a range of restrictions on Burson's activities at the relevant premises. The leases have a range of terms and option periods, although they are generally leases which Burson cannot readily terminate.

Any default under a lease by Burson, or any failure to renew existing leases on acceptable terms, could adversely affect Burson's ability to operate stores in preferred locations. This may in turn have an adverse effect on Burson's future financial performance.

5.2.16. Burson may not be able to refinance debt or access debt and equity capital markets on attractive terms

Burson obtains significant funding from banks. Burson is subject to the risk that it may not be able to refinance its bank facilities when they fall due or that the terms (including in relation to pricing) on refinancing will be less favourable than the existing terms. If there is a deterioration in the level of debt market liquidity, this may prevent Burson from being able to refinance some or all of its debt. In addition, Burson may in the future require additional debt or equity capital in order to fund growth strategies, in particular acquisitions. There is a risk that Burson may be unable to access debt or equity funding from the capital markets on favourable terms, or at all.

5.2.17. Burson may be exposed to interest rate fluctuations

Burson has a combination of floating-rate and fixed-rate borrowings. Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect Burson's costs of servicing these borrowings which may adversely affect its financial position.

5.2.18. Litigation

Burson may in the ordinary course of business be involved in litigation and disputes (for example, with suppliers or customers). Any litigation or dispute could be costly and damaging to Burson's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing.

5.2.19. Industrial disputes and wage increases

Some of Burson's employees are covered by enterprise bargaining agreements and other workplace agreements, which periodically require renegotiation and renewal. Disputes may arise in the course of such negotiations which may lead to strikes or other forms of industrial action that could disrupt Burson's operations. Further, any such negotiations could result in increased labour costs for Burson. In times of low unemployment or shortage of skilled employees, there can be upward pressure on wages. If any of these events occur, it may impact Burson's ability to provide quality automotive parts distribution and it may reduce profitability by increasing Burson's cost base.

5.2.20. Occupational health and safety

Burson employees are at risk of workplace accidents and incidents. In the event that a Burson employee is injured in the course of their employment, Burson may be liable for penalties or damages. This has the potential to harm both the reputation and financial performance of Burson.

5.2.21. Insurance

Burson seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry sector. Any increase in the cost of such insurance policies could adversely affect Burson's business, financial condition and operational results.

5.2.22. Inability to pay dividends or make distributions

Burson's ability to pay dividends or make other distributions to Shareholders during the term of the New Banking Facilities is restricted if an actual or potential event of default or review event (as referred to in Section 9.6.4) is subsisting or would immediately occur as a result of payment of the dividend or making of the distribution. However, as a general matter, Burson is permitted to pay dividends provided that there is no actual or potential event of default or review event subsisting or which would immediately occur as a result of the distribution being made.

5.2.23. Inability to meet forecast financial performance

The Forecast Financial Information is a forward looking statement that is based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place. Burson may not achieve its forecast financial performance as a result of one or a combination of the Company specific risks outlined above and the general risks outlined below.

5.3. GENERAL RISKS OF AN INVESTMENT IN BURSON

5.3.1. Price of Shares

Once Burson becomes a publicly listed company on the ASX, it will be subject to general risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of Burson.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if Burson's earnings increase.

Some of the factors which may affect the price of the Shares include:

- fluctuations in the domestic and international markets for listed stocks;
- general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which Burson operates; and
- general operational and business risks.

5.3.2. Burson may be subject to changes in tax law

Significant reforms and current proposals for further reforms to Australia's tax laws give rise to uncertainty. The precise scope of many of the new and proposed tax laws is not yet known. Any changes to the current rate of company income tax may impact shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns.

5.3.3. Force majeure events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of Burson and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for Burson's goods and services and its ability to conduct business. Burson has only a limited ability to insure against some of these risks.

5.3.4. Accounting Standards

Australian Accounting Standards are issued by the AASB and are not within the control of Burson and its Directors. Any changes to the Accounting Standards or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of Burson.

5.3.5. Shareholder dilution

In the future, Burson may elect to issue Shares in connection with fundraisings, including to raise proceeds for acquisitions. While Burson will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

6 *Key People, Interests and Benefits*



6.1. BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Robert McEniry *Independent, Non-Executive Chairman*

Robert was appointed to the Burson Board in March 2014 as an Independent Non-Executive Chairman.

Robert has extensive experience in the automotive industry both in Australia and overseas.

Robert is currently on the boards of Multiple Sclerosis Ltd, Australian Home Care Services Ltd (Chairman), Automotive Holdings Group Ltd and Stillwell Motor Group Ltd. He is also Chairman of the Advisory Board to the Department of Management at Monash University.

Robert's former roles include President and Chief Executive Officer (and Chairman) of Mitsubishi Motors Australia Ltd, Chief Executive Officer of Nucleus Network Ltd, Chief Executive Officer of South Pacific Tyres Ltd, and board member of the Executive Committee for the Federal Chamber of Automotive Industries.

Robert holds a Master of Business Administration from the University of Melbourne and is a Member of the Australian Institute of Directors.

Darryl Abotomey *Chief Executive Officer*

Darryl was appointed to the Board in October 2011 as Chief Executive Officer and Managing Director.

Darryl has more than seven years' experience in the automotive aftermarket industry. Darryl has extensive experience in business acquisitions, strategy, finance, information technology and general management in distribution and other industrial businesses.

Darryl was a former director and Chief Financial Officer of Exego Group (Repco). He has also previously held directorships with The Signcraft Group, PaperlinX Limited, CPI Group Limited and Pinegro Products Pty Ltd.

Darryl holds a Bachelor of Commerce (Hons) majoring in accounting and economics from the University of Melbourne.

Andrew Harrison *Independent, Non-Executive Director*

Andrew was appointed to the Board in March 2014 as an Independent Non-Executive Director.

Andrew is an experienced company director and corporate advisor.

Andrew has previously held executive and non-executive directorships with public, private and private equity owned companies, including as Chief Financial Officer of Seven Group Holdings, Group Finance Director of Landis and Gyr, and Chief Financial Officer and a director of Alesco.

Andrew was previously a Senior Manager at Ernst & Young (Sydney and London) and Gresham Partners Limited, and an Associate at Chase Manhattan Bank (New York).

Andrew holds a Bachelor of Economics from the University of Sydney and a Master of Business Administration from Wharton, and is a chartered accountant.

Therese Ryan *Independent, Non-Executive Director*

Therese was appointed to the Board in April 2014 as an Independent, Non-Executive Director.

Therese is a professional non-executive director and has over 35 years' experience as a senior business executive and commercial lawyer working in widely diversified businesses in Australia and internationally.

She is currently a board member of the Victorian Managed Insurance Authority, VicForests, Metropolitan Fire Brigade and Yarra Valley Water, and Chair of Good Shepherd Youth and Family Services. Previously, she was Vice President and General Counsel of General Motors International Operations based in Shanghai, Assistant Secretary of General Motors Corporation and prior to that General Counsel and Company Secretary of GM Holden.

Therese is also currently a member on the audit committee for the City of Melbourne and is Chair of the advisory committee for the Office of Correctional Services Review (Vic).

Therese is a lawyer by background and is admitted as a solicitor in the Supreme Court of Victoria.

Therese holds a Bachelor of Laws from the University of Melbourne and is a Graduate Member of the Australian Institute of Directors.

The current composition of the Board committees and a summary of its key corporate governance policies are set out in Section 6.4.

6.2. SENIOR MANAGEMENT

Darryl Abotomey *Chief Executive Officer*

Refer to Section 6.1.

Greg Fox *Chief Financial Officer*

Greg has more than 25 years' experience in the automotive, industrial and public accounting sectors. Greg joined Burson as Chief Executive Officer in 2012 with responsibility for finance, legal, company secretarial and plays a key role in strategic initiatives. Greg was previously Chief Financial Officer at Atlas Steels and at Plexicor, which was a major supplier to the automotive industry. Greg also held various senior financial positions with Amcor after commencing his career as a chartered accountant.

Andrew Schram *General Manager – Merchandising and Procurement*

Andrew has 40 years' experience in the automotive industry, including 35 years with Burson. Andrew commenced his career at Burson as a store manager at one of the Company's first stores. He progressed through the organisation to become the Chief Operating Officer having held various responsibilities including procurement, merchandising, supply chain, strategic development and he established the Preston distribution centre.

Andrew now leads Burson's procurement, merchandising and supply chain.

Craig Magill *General Manager Sales and Marketing*

Craig has an extensive career in the automotive industry spanning more than 25 years. Before joining Burson, he was the General Manager of the RAC's (WA) automotive workshops, which was preceded by many years at Repco with responsibilities including store operations, sales and marketing, major accounts, workshop equipment and eCommerce.

Brendan Redmond *General Manager Store Operations*

Brendan has extensive experience managing multilocation businesses including with Tatts Group, Sigma Pharmaceuticals and Repco Australia. Prior roles included operation and product management with GE and SPX in the USA.

Peter Ruffy *Human Resources Manager*

Peter joined Burson in late 2011 following 12 years heading up the human resources function at engineering, construction and maintenance services group, Silcar. Prior experience was with Qantas as Employee Relations Manager.

6.3. INTERESTS AND BENEFITS

This Section 6.3 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 of Burson or SaleCo;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

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

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

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

6.3.1. Interests of advisers

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

- Morgan Stanley Securities Australia Limited and UBS AG, Australia Branch have acted as Joint Lead Managers to the Offer and the fees payable to the Joint Lead Managers pursuant to the Underwriting Agreement are described in Section 9.5;
- Morgans and Ord Minnett have acted as Co-Managers to the Offer and will be paid a broker firm fee of 1.5% (inclusive of GST), which is payable by the Joint Lead Managers out of the fees payable to them by the Company;
- Gilbert + Tobin has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay approximately \$1,300,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Gilbert + Tobin in accordance with its normal time based charges; and
- PricewaterhouseCoopers Securities Ltd has acted as the Investigating Accountant on, and has performed work in relation to, the Financial Information and has performed work in relation to its Independent Limited Assurance Report in Section 8. The Company has paid, or agreed to pay, approximately \$855,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd under time based charges.

These amounts, and other expenses of the Offer, will be paid by Burson 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 7.1.2.

6.3.2. Directors' interests and remuneration

6.3.2.1 Non-Executive Director remuneration

Under the Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services as a Director of the Company. However, under the Listing Rules, the total amount of fees paid to all Directors for their services (excluding, for these purposes, the salary of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting.

This amount has been fixed by the Company at \$700,000 per annum. Any change to that aggregate annual sum needs to be approved by Shareholders. The aggregate sum includes any special and additional remuneration for special exertions and additional services performed by a Director as determined appropriate by the Board. The Listing Rules require that the remuneration of Directors must not include a commission on, or a percentage of, operating revenue.

Annual Directors' fees to be paid by the Company are \$165,000 to the Chairman, Robert McEniry, and \$85,000 to each of Andrew Harrison and Therese Ryan.

In addition to the above Directors' fees, the chair of the Audit and Risk Management Committee will be paid \$10,000 annually for their services provided to that committee. Annual fees payable to Directors in respect of the chair of the Nomination and Remuneration Committee are \$10,000.

All Directors' fees include superannuation at 9.25% of the respective amounts, as applicable.

Directors may also be reimbursed for expenses properly incurred by the Directors in connection with the affairs of the Company including travel and other expenses in attending to the Company's affairs.

If a Director renders or is called on to perform extra services or to make any special exertions in connection with the affairs of the Company, the Directors may arrange for special remuneration to be paid to that Director, either in addition to or in substitution for that Director's remuneration set out in this Section 6.3.2.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

6.3.2.2 Deeds of access, insurance and indemnity

Burson has entered into a deed of access, indemnity and insurance with each Director which contains the Director's right of access to certain books and records of the Company or Group Company for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

Pursuant to the Constitution, the Company must indemnify all Directors and executive officers, past and present, against all liabilities that arise from their position as an officer of the Company or Group Company to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an officer of the Company or Group Company, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company must arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

In this summary, '**Group Company**' means a subsidiary of the Company, any companies which are 50% or more owned directly or indirectly by any other Group of Company, or any partnership or unincorporated joint venture in which any Group Company or a related body corporate of the Company has an interest of 50% or more.

6.3.2.3 Directors' interests in Shares and other securities

The Directors are not required by the Constitution to hold any Shares.

The Directors' interests in Shares and other securities in Burson as at the Prospectus Date are set out below.

Director	Shares held on Completion	Performance Rights held on Completion ³⁵
Robert McEniry	–	–
Darryl Abotomey	1,559,526	242,308
Andrew Harrison	–	–
Therese Ryan	–	–

Directors may hold their interests in securities shown above directly or indirectly through holdings by companies or trusts.

The Directors are entitled to apply for Shares under the Offer. The above table does not take into account any Shares the Directors may acquire under the Offer.

The Shares recorded in the above table as held by Darryl Abotomey will be subject to restrictions on disposal as outlined in Section 7.6.

6.3.2.4 Incentive plans

Details of Burson's short term incentive plan and long term incentive plan arrangements for its employees and management (including Executive Directors) are contained in Section 9.4.

6.3.2.5 Executive remuneration

Chief Executive Officer

Darryl Abotomey is employed by Burson Automotive in the position of Chief Executive Officer and reports to the Board. Under the terms of a five year contract, Darryl will be entitled to receive annual fixed remuneration of \$630,000 (inclusive of superannuation). Darryl will also be entitled to participate in Burson's short term incentive plan (see Section 9.4.1 for further details). For the first three years of his contract, Darryl's target participation under the short term incentive plan will be 60% of his fixed annual remuneration and his maximum participation will be 100% of his fixed annual remuneration. Thereafter, Darryl's participation in the short term incentive plan will be on a basis to be agreed with the Board.

Burson Automotive or Darryl may terminate the employment contract by giving the other 12 months' written notice before the proposed date of termination, or in Burson Automotive's case, payment in lieu of notice. Burson Automotive may terminate Darryl's employment immediately and without payment in lieu of notice in certain circumstances including for any serious misconduct. Darryl's employment contract also includes a restraint of trade period of 12 months. Enforceability of such restraint of trade is subject to all usual legal requirements.

Darryl will on or around Completion be issued with \$441,000 worth of Performance Rights (determined by conventional option pricing methodology and taking into account the Offer Price) under the terms of Burson's Long Term Incentive Plan which is described in Section 9.4.2. In addition, if a successful Listing is achieved, Darryl will receive a one-off payment of \$1,377,736.

Other Senior Management

The other members of Senior Management are employed under individual employment agreements with Burson Automotive. These arrangements include:

- total fixed compensation including a base salary and superannuation contribution to a fund of the individual's election;
- termination notice provisions of three months (except in the case of one member of Senior Management in respect of which Burson Automotive is required to provide six months' notice);
- restraint of trade provisions of 12 months after termination of employment. The enforceability of the restraint clause is subject to all usual legal requirements;
- eligibility to participate in Burson's short term incentive plan at a specified target and maximum percentage level against total fixed compensation (see Section 9.4.1 for further details); and
- eligibility to participate in Burson's Long Term Incentive Plan (see Section 9.4.2 for further details). Senior Management (excluding Darryl Abotomey) will together receive \$619,500 worth of Performance Rights (determined by conventional option pricing methodology and taking into account the Offer Price) on or around Completion. In addition, if a successful Listing is achieved, certain Senior Managers will receive one-off payments totalling \$1,008,466.

35. The number of Performance Rights is based on the Offer Price.

6.3.2.6 Related party arrangements

As described in Section 6.3.2.5, Darryl Abotomey will receive \$441,000 worth of Performance Rights on or around Completion, and a one-off payment of \$1,377,736 if a successful Listing is achieved. The terms of Darryl's employment are also described in Section 6.3.2.5.

Burson does not consider that there are any risks associated with these related party arrangements.

6.4. CORPORATE GOVERNANCE

This Section 6.4 explains how the Board oversees the management of Burson's business. The Board is responsible for the overall corporate governance of Burson, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of Burson and oversees its business strategy, including approving the strategic goals of Burson 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 Burson. In conducting Burson's business with these objectives, the Board seeks to ensure that Burson is properly managed to protect and enhance Shareholder interests, and that Burson and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Burson, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Burson's business and which are designed to promote the responsible management and conduct of Burson.

Burson is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its second edition of the Corporate Governance Principles and Recommendations and has released its proposed third edition of the Corporate Governance Principles and 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, Burson will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where Burson does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Copies of Burson's key policies and practices and the charters for the Board and each of its committees will be available at www.burson.com.au during the Offer Period.

6.4.1. The Board of Directors

The Board of Directors is comprised of the Chief Executive Officer and three independent Non-Executive Directors of whom all three are independent:

- Robert McEniry – Independent, Non-Executive Chairman;
- Darryl Abotomey – Chief Executive Officer;
- Andrew Harrison – Independent, Non-Executive Director; and
- Therese Ryan – Independent, Non-Executive Director.

Biographies of the Board members are provided in Section 6.1.

It is proposed that following Listing an additional Director will be appointed to the Board. Burson has commenced the search for a suitable candidate and expects to announce the appointment of a new Director later in 2014.

Each Director has confirmed to Burson that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Burson and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board Charter 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 will consider whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of Burson and its security holders generally.

The Board considers that each of Robert McEniry, Andrew Harrison and Therese Ryan is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Darryl Abotomey is currently considered by the Board not to be independent on the basis that he is the Chief Executive Officer of Burson.

Accordingly as at Listing, the Board will consist of a majority of independent Directors consistent with Recommendation 2.1 of the ASX Recommendations. The Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors.

6.4.2. Board Charter

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

6.4.3. Board Committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a Nomination and Remuneration Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of Burson, relevant legislative and other requirements, and the skills and experience of individual Directors.

Under the Board Charter, Board committee performance evaluations will occur regularly.

6.4.3.1 Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing Burson's financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the financial information prepared by Burson, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

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

The Committee comprises Andrew Harrison (Chair), Robert McEniry and Therese Ryan.

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

- must be independent of Burson and the Directors and senior executives. To ensure this, Burson requires a formal report from its external auditor on an annual basis setting out the relationships that may affect its independence; and
- may not provide services to Burson that may impair, or appear to impair, the external auditor's judgement or independence in respect of Burson.

The Charter of the Audit and Risk Management Committee provides that the committee should comprise at least three Directors, to the extent practicable given the size and composition of the Board from time to time, each of whom are Non-Executive Directors, and a majority of whom are independent. A member of the Audit and Risk Management Committee, who does not chair the Board, shall be appointed the Chair of the Committee.

All Directors are able to and do review and challenge policies and practices to ensure decisions taken are in the best interests of the Company.

The Audit and Risk Management Committee will meet as often as is required by the Audit and Risk Management Committee Charter or other policy approved by the Board to govern the operations of the Audit and Risk Management Committee. The Chair of the Audit and Risk Management Committee may invite other Directors, members of Senior Management and representatives of the internal or external auditor to be present at meetings of the committee and seek advice from external advisers. The Audit and Risk Management Committee will regularly report to the Board about committee activities, issues and related recommendations.

The Board is responsible for overseeing the establishment of and approving risk management strategies, policies, procedures and systems of Burson. Burson management is responsible for establishing Burson's risk management framework. Burson will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the Chief Executive Officer or Chief Financial Officer to provide the required declaration under section 295A of the Corporations Act.

6.4.3.2 Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and senior executives and to ensure that the remuneration policies and practices are consistent with Burson's strategic goals and human resources objectives. The Nomination and Remuneration Committee is also responsible for administering short term and long term incentive plans (including any equity plans) and reviewing Burson's claw back policy in respect of performance-based remuneration. In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and Senior Management). Independent advice will be sought where appropriate.

The Nomination and Remuneration Committee will meet as often as is required by the Nomination and Remuneration Committee Charter or other policy approved by the Board to govern the operation of the Nomination and Remuneration Committee. Following each meeting, the Nomination and Remuneration Committee will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Nomination and Remuneration Committee that requires Board approval.

The Committee comprises Therese Ryan (Chair), Robert McEniry and Andrew Harrison.

6.4.3.3 Diversity Policy

The workforce of Burson is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected. Burson's diversity policy aims to align Burson's business operations with the positive outcomes that can be achieved through a diverse workforce that recognises and utilises the contribution of diverse skills and talent from its workforce.

6.4.3.4 Disclosure Policy

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

Burson is committed to observing its disclosure obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX and continuous disclosure announcements will be made available on Burson's website at www.burson.com.au.

6.4.3.5 Communications with Shareholders

The Board's aim is to ensure that Shareholders are informed in a timely and readily accessible manner of all major developments affecting the state of affairs of Burson. Information will be communicated to Shareholders through the lodgement of information with the ASX as required by Burson's continuous disclosure obligations and publishing information on Burson's website.

Burson's website will contain information about the Company, including media releases, key policies, the terms of reference of Board committees and other information relevant to Shareholders. All announcements made to the market and any other relevant information will be posted on Burson's website at www.burson.com.au as soon as they have been released to the ASX.

6.4.3.6 Securities Trading Policy

Burson has adopted a Securities Trading Policy which will apply to Burson and its Directors, company secretary and senior management and other persons nominated by the Board from time to time (**Burson Persons**).

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

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

- the 30 days commencing from the trading day after Burson's half-year financial results are released to the ASX;
- the 30 days commencing from the trading day after Burson's annual financial results are released to the ASX; and
- the 30 days commencing the day after Burson's annual general meeting is held.

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

6.4.3.7 Code of Conduct

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

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

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

7

Details of the Offer



7.1. THE OFFER

This Prospectus relates to an initial public offering of 121.0 million shares in Burson at an offer price of \$1.82 per Share (**Offer Price**). The Shares offered under this Prospectus will represent approximately 74.0% of the Shares on issue at Completion. The Offer is expected to raise approximately \$220.3 million (comprising \$143.8 million from the issue of New Shares by the Company for the Company's benefit and \$76.6 million for the sale of Existing Shares held by SaleCo).

The total number of Shares on issue at Completion will be 163.6 million and all Shares will, once issued, rank equally with each other. A summary of the rights attaching to the Shares is set out in Section 7.10.

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

7.1.1. Structure of the Offer

The Offer comprises:

- the **Retail Offer**, which consists of the:
 - **Broker Firm Offer** – open to Australian resident retail clients of Brokers who have received a firm allocation from their Broker; and
 - **Employee Offer** – open to Eligible Employees in accordance with the Employee Salary Sacrifice Share Plan; and
- the **Institutional Offer** – an invitation to bid for Shares made to Institutional Investors in Australia and in certain other eligible jurisdictions.

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

Details of the Broker Firm Offer and the allocation policy under it are described in Section 7.3. Details of the Employee Offer and the allocation policy under it are described in Section 7.4. Details of the Institutional Offer and the allocation policy under it are described in Section 7.5. The allocation of Shares between the Retail Offer and the Institutional Offer was determined by the Joint Lead Managers in agreement with Burson, having regard to the allocation policies outlined in Sections 7.3.4, 7.4.5 and 7.5.2.

The Offer has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 9.5.

7.1.2. Purpose of the Offer and use of proceeds

The purpose of the Offer is to provide the Company with:

- a liquid market for its Shares and an opportunity for others to invest in Shares;
- funds to repay, in part, Burson's existing debts and to redeem the outstanding Preference Shares and Loan Notes; and
- additional financial flexibility and access to capital markets to pursue the growth opportunities outlined in Section 3.4.

The Offer also provides certain Existing Shareholders with an opportunity to realise all or part of their investment in Burson.

The proceeds of the Offer will be applied to:

- repayment of debt drawn on the Company's debt facilities;
- redeem the outstanding Preference Shares and Loan Notes;
- payment to SaleCo (which will distribute payments to Selling Shareholders);
- increase in cash and cash equivalents; and
- payment of the costs associated with the Offer.

Sources	\$ million	%	Uses	\$ million	%
Cash proceeds received from sale of Existing Shares	76.6	25.8%	Payment of proceeds to SaleCo	76.6	25.8%
Cash proceeds received from issue of New Shares	143.8	48.4%	Payment of costs of the Offer*	15.1	5.1%
Cash proceeds from New Banking Facilities	75.2	25.4%	Repayment of existing debt facilities, including repayment of additional debt drawn down in relation to the payment of the Pre-IPO Dividend and interest rate hedge break fees	149.3	50.3%
Existing cash	1.2	0.4%	Redemption of Loan Notes and Preference Shares	55.8	18.8%
Total sources	296.7	100.0%	Total uses	296.7	100.0%

* The costs of the Offer include the fees payable to advisers as referred to in Sections 6.3.1 and 9.5, as well as other costs such as registry fees, certain costs of financing, listing fees, insurance costs and other adviser fees.

7.1.3. Pro forma historical consolidated balance sheet

Burson's pro forma balance sheet following Completion, including details of the pro forma adjustments, is set out in Section 4.4.

7.1.4. Capitalisation and indebtedness

The Company's capitalisation and indebtedness as at 31 December 2013, before and following the completion of the Offer, is set out in Section 4.4.2.

7.1.5. Shareholding structure

Details of the ownership of Shares on Completion of the Offer are set out below:

	Shares at Prospectus Date	pre-IPO (%)	Shares issued / acquired / (sold)	Shares immediately post-IPO	Post-IPO (%)
Quadrant Funds	72,955,000	86.2%	(40,417,070)	32,537,930	19.9%
Darryl Abotomey	2,599,210	3.1%	(1,039,684)	1,559,526	1.0%
Other Management	3,245,790	3.8%	(604,830)	2,640,960	1.6%
Other Existing Shareholders	5,800,000	6.9%	–	5,800,000	3.5%
New Shares to be issued under the Offer	–	–	78,985,666	78,985,666	48.3%
Existing Shares to be sold under the Offer	–	–	42,061,584	42,061,584	25.7%
Total	84,600,000	100%	78,985,666	163,585,666	100%

Details of the Shares that will be subject to escrow arrangements are set out in Section 7.6.

7.1.6. Control implications of the Offer

The Directors do not expect any Shareholder to control Burson on Completion (as defined in section 50AA of the Corporations Act).

7.1.7. Potential effect of the fundraising on the future of the Company

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

7.2. TERMS AND CONDITIONS OF THE OFFER

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the capital of Burson).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.10.
What is the consideration payable for each security being offered?	Successful Applicants under the Offer will pay the Offer Price, being \$1.82 per Share.
What is the Retail Offer period?	<p>The Retail Offer opens at 9.00am (AEST) on 8 April 2014.</p> <p>The Retail Offer closes at 5.00pm (AEST) on 17 April 2014.</p> <p>The key dates, including details of the Offer Period, are set out on page 3. This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEST. The Company and SaleCo, in consultation with the Joint Lead Managers, reserve the right to vary both of the above times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, 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 any 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.</p> <p>No securities will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date.</p>
What are the cash proceeds to be raised?	Approximately \$220.3 million will be raised if the Offer proceeds (comprising \$143.8 million from the issue of New Shares by Burson for Burson's benefit and \$76.6 million for the sale of Existing Shares held by SaleCo).
Is the Offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer pursuant to the Underwriting Agreement. Details are provided in Section 9.5.
What is the minimum and maximum Application size under the Retail Offer?	<p>The minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker.</p> <p>Eligible Employees are invited to apply for Shares under the Employee Offer and may apply for either \$1,000 or \$500 worth of Shares.</p>
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by agreement between the Joint Lead Managers and the Company, having regard to the allocation policy outlined in Sections 7.3.4 and 7.5.2.</p> <p>For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their retail clients.</p> <p>The Joint Lead Managers, in conjunction with the Company, have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate a lesser number of Shares than applied for. The Joint Lead Managers, in conjunction with the Company, also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p> <p>Eligible Employees who apply correctly for Shares under the Employee Offer are guaranteed the allocation of those Shares.</p>
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on 28 April 2014.
Will the Shares be listed?	Burson has applied to the ASX for admission to the Official List and quotation of Shares on the ASX (which is expected to be under the code BAP).

Topic	Summary
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on the ASX will commence on or around 24 April 2014 on a deferred settlement basis.</p> <p>Shares will commence trading on the ASX on a normal settlement basis on or around 29 April 2014.</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. The Company, SaleCo and the Joint Lead Managers 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 Burson Offer Information Line, by a Broker or otherwise.</p>
Are there any escrow arrangements?	Yes. Details are provided in Section 7.6.
Has an ASIC relief or ASX waiver been obtained or been relied on?	Yes. Details are provided in Section 9.8.
Are there any tax considerations?	Refer to Section 9.10.
Is there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.
What should I do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the Burson Offer Information Line on 1300 706 137 (toll free within Australia) or +61 3 9946 4427 (outside Australia) between 9.00am and 5.00pm (AEST), Monday to Friday.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>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 stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p>

7.3. BROKER FIRM OFFER

7.3.1. Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. The Broker Firm Offer is not open to persons in the United States.

7.3.2. How to apply

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker or the Burson Offer Information Line on 1300 706 137 (toll free within Australia) or +61 3 9946 4427 (outside Australia) to request a copy of this Prospectus and Application Form, or download a copy at www.bursonshareoffer.com. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEST) on the Closing Date or any earlier closing date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, SaleCo, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am (AEST) on 8 April 2014 and is expected to close at 5.00pm (AEST) on 17 April 2014. The Company, SaleCo and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Contact your Broker for instructions.

7.3.3. Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

7.3.4. Allocation policy under the Broker Firm Offer

Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each Broker as to how they allocate firm Shares among their retail clients, and they (and not Burson, SaleCo or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.

7.3.5. Acceptance of Applications

An Application in the Broker Firm Offer is an offer by you to Burson and SaleCo to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Joint Lead Managers, in agreement with Burson, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.3.6. Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued or transferred to Successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by Burson.

7.4. EMPLOYEE OFFER

7.4.1. Who may apply

The Employee Offer is an invitation to Eligible Employees to apply for Shares in Burson under the terms of the Employee Salary Sacrifice Share Plan (**Plan**), as described in Section 9.4. Eligible Employees are all permanent full time and part time employees of Burson as at 31 March 2014 who are resident in Australia with a total adjusted taxable income not exceeding \$180,000.

7.4.2. How the Employee Offer works

Under the Employee Offer, Eligible Employees may apply to be issued either \$1,000 or \$500 worth of Shares.

- If you apply to be issued \$1,000 worth of Shares under the Employee Offer, you will be granted an allocation of \$1,000 worth of Shares for a salary sacrifice of \$700. This will provide you with a \$300 discount to the value of those Shares based on the Offer Price.
- If you apply to be issued \$500 worth of Shares under the Employee Offer, you will be granted an allocation of \$500 worth of Shares for a salary sacrifice of \$350. This will provide you with a \$150 discount to the value of those Shares based on the Offer Price.

The salary sacrifice of \$700 or \$350, as applicable, by an Eligible Employee who accepts the Employee Offer will occur in fortnightly instalments over the six months following the issue of those Shares.

7.4.3. Conditions of the Offer

If you acquire Shares under the Employee Offer and leave Burson before the end of the six month period referred to above or take unpaid leave (so that the total reduction of your pre-tax salary or wages is less than \$700 or \$350, as applicable, at the relevant time), any termination payment entitlement (or any future salary or wages to which you may be or become entitled) will be decreased by the amount then unpaid by you in respect of the subscription price for Shares issued to you under the Employee Offer, subject to compliance with the relevant laws.

Shares acquired under the Employee Offer may not be disposed of until the earlier of:

- the date three years after the date the Shares were acquired; and
- the date the participating employee ceases employment with Burson.

7.4.4. How to Apply

The Application Form for the Employee Offer, together with this Prospectus, can be accessed online at www.bursonshareoffer.com. Any Shares allocated to a successful Employee Offer Applicant will be registered in the name of that applicant.

7.4.5. Allocation policy under the Employee Offer

Employee Offer Applicants who are Successful Applicants will receive a guaranteed allocation of \$1,000 or \$500 worth of Shares, depending on the amount applied for.

7.4.6. Employee Salary Sacrifice Share Plan Rules

The Employee Offer and Plan are governed by the terms of the Employee Salary Sacrifice Share Plan Rules (**Plan Rules**) as described in Section 9.4.3. The Plan Rules will be made available to Eligible Employees at the same time as this Prospectus and will be lodged on the ASX announcement platform at the time of Listing.

7.4.7. Taxation

Taxation implications in relation to the Employee Offer are described in Section 9.10.

7.5. INSTITUTIONAL OFFER

7.5.1. Invitations to bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Joint Lead Managers separately advised Institutional Investors of the application procedures for the Institutional Offer.

7.5.2. Allocation policy under the Institutional Offer

The allocation of Shares among Applicants between the Institutional Offer and the Retail Offer was determined by the Joint Lead Managers in agreement with Burson. The Joint Lead Managers and Burson had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- Burson's desire for an informed and active trading market following Listing;
- Burson's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer, Employee Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders; and
- any other factors that Burson and the Joint Lead Managers considered appropriate.

7.6. DISPOSAL RESTRICTIONS ON SHARES

7.6.1. Voluntary escrow arrangements

Existing Shares held at Completion by the Escrowed Shareholders (other than any Shares acquired by them under the Offer) will be subject to voluntary escrow arrangements.

Each of the Escrowed Shareholders has entered into an escrow deed in respect of their escrowed Shares. This deed will prevent them from disposing of their escrowed Shares for the applicable escrow period. The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the escrowed Shares, encumbering or granting a security interest over the escrowed Shares, granting or exercising an option over the escrowed Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the escrowed Shares, or agreeing to do any of those things.

The escrowed restrictions will apply until the date on which Burson's full year results for the period ending 30 June 2015 are released to the ASX or, if earlier (and only in the case of the Escrowed Shareholders other than the Quadrant Funds), the date that is 10 business days after the date on which the Escrowed Shareholder ceases to be an employee of the Burson Group if his employment is terminated:

- due to his death; or
- by the Burson Group due to serious disability or permanent incapacity (as determined by the Board acting reasonably).

All of the Escrowed Shareholders may be released early from these escrow obligations to enable:

- the Escrowed Shareholders to accept an offer under a takeover bid in relation to their escrowed Shares if holders of at least half of the Shares the subject of the bid that are not escrowed Shares have accepted the takeover bid;
- the Escrowed Shareholders to tender their escrowed Shares into a bid acceptance facility established in connection with a takeover bid if holders of at least half of the Shares the subject of the bid that are not escrowed Shares have accepted the bid or tendered their Shares into the bid acceptance facility; and
- the escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger or acquisition by scheme of arrangement under Part 5.1 of the Corporations Act.

In addition, the Quadrant Funds may be released early from these escrow obligations to the extent required in order to dispose of up to 25% of the escrowed Shares (in one or more transactions) at least 10 business days after both of the following conditions have been satisfied:

- the half year results of the Company for the period ending 31 December 2014 have been released to the ASX; and
- the Company VWAP on each trading day comprising the Company VWAP Period is at least 20% higher than the Offer Price.

The Company VWAP on any trading day prior to the Relevant Date is not relevant to determining whether the exception is available.

During the escrow period, the Escrowed Shareholders whose Shares are subject to escrow may deal in any of their Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

In aggregate, 35,400,878 Shares will be the subject of these escrow arrangements. This is not expected to have an effect on the liquidity of trading in Shares on the ASX.

The number of Shares in respect of which the Escrowed Shareholders have agreed to enter into voluntary escrow arrangements with the Company are set out in the table below.

Name of Escrowed Shareholder	Shares immediately post-IPO ³⁵	Number of Shares held in escrow
Quadrant Funds	32,537,930	32,537,930
Darryl Abotomey	1,559,526	1,559,526
Other Management	2,640,960	1,303,422
Other Existing Shareholders	5,800,000	Nil

35. Not including any Shares acquired under the Offer.

7.7. RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

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

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia, and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States.

Each Applicant in the Retail Offer and each person in Australia to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.8. DISCRETION REGARDING THE OFFER

With the consent of the Joint Lead Managers, Burson and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to Successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

Burson, SaleCo and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.9. ASX LISTING, REGISTERS AND HOLDING STATEMENTS, DEFERRED SETTLEMENT TRADING

7.9.1. Application to the ASX for listing of Burson and quotation of Shares

Burson has applied for admission to the official list of the ASX and quotation of the Shares on the ASX. Burson's ASX code is expected to be BAP.

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

If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by Burson will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

Burson will be required to comply with the ASX Listing Rules, subject to any waivers obtained by Burson from time to time.

7.9.2. CHESS and issuer sponsored holdings

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

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

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number ("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. Certificates will not be issued.

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

7.9.3. Deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on the ASX (on a deferred basis) will commence on or about 24 April 2014.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a holding statement, Successful Applicants do so at their own risk. The Company, SaleCo, the Share Registry, the Joint Lead Managers and the Co-Managers disclaim all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a holding statement, even if the Shareholder obtained details of their holding from the Burson Offer Information Line or confirmed their firm allocation through a Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on 29 April 2014.

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

7.10.1. Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution which may be inspected during normal business hours at the registered office of Burson; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the 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 intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

Upon Listing, Burson will adopt a new constitution which is consistent with Burson being an ASX listed company. Accordingly, the summary assumes that Burson is admitted to the Official List.

All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all Existing Shares.

7.10.2. Meeting of members

Each shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to shareholders.

7.10.3. Voting at a general meeting

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

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

7.10.4. Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment of a dividend does not require any confirmation by a general meeting.

Subject to any special rights or restrictions attached to any shares or class of shares, all dividends must be paid equally on all shares and in proportion to the number of, and the amounts paid on, the shares held.

7.10.5. Transfer of shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, a member may transfer all or any of the member's shares by:

- a Proper ASTC Transfer (as that term is defined in the Corporations Regulations); or
- an instrument in writing in any usual form or in any other form that the Directors approve.

The Company may decline to register a transfer of shares in a number of situations including:

- in the circumstances permitted under the ASX listing Rules or ASX Settlement Operating Rules, as applicable;
- where the transfer is not in registrable form; or
- where the refusal to register the transfer is otherwise permitted under the ASX Listing Rules or, except for a Proper ASTC Transfer (as that term is defined in the Corporations Act Regulations), under the terms of issue of the shares.

If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for refusal.

The Company must refuse to register a transfer of shares if required to do so by the ASX Listing Rules. The Directors may suspend the registration of a transfer at such time and for such periods, not exceeding in total 30 days in any year, as they think fit as permitted by the ASX Listing Rules and ASX Settlement Operating Rules.

7.10.6. Issue of further shares

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit. The shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.

7.10.7. Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.10.8. Winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among Burson's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

7.10.9. Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the shares of a shareholder who holds less than a marketable parcel of those shares. A marketable parcel of shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

7.10.10. Share buy-backs

The Company may buy back shares in itself in accordance with the provisions of the Corporations Act and, where applicable, the ASX Listing Rules.

7.10.11. Variation of class rights

Subject to the Corporations Act and the terms of issue of the Shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- the written consent of the holders of at least three quarters of the issued shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

7.10.12. Reduction of share capital

Subject to the Constitution, Corporations Act and ASX Listing Rules, Burson may reduce its share capital in any way permissible by the Corporations Act.

7.10.13. Proportional takeover provisions

The Constitution contains provisions requiring shareholder approval before any proportional takeover bid can proceed. The provision will lapse three years from the date of adoption of the Constitution unless it is renewed by special resolution of shareholders in a general meeting.

7.10.14. Dividend reinvestment plans

The Constitution contains a provision allowing Directors to implement a dividend reinvestment plan and a dividend selection plan. It is not currently intended that either a dividend reinvestment plan or dividend selection plan will be implemented.

7.10.15. Employee plans

The Directors may implement an employee share plan for officers or employees of the Company on such terms and conditions as they think fit. Further details about the Company's short term incentive arrangements, long term incentive arrangements and Employee Salary Sacrifice Share Plan are contained in Section 9.4.

7.10.16. Directors – appointment and removal

Under the Constitution, the minimum number of Directors is three and the maximum is twelve or such lower number as the Directors determine, provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act.

The Company may elect directors by resolution. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

7.10.17. Directors – voting

Questions arising at a meeting of Directors 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 chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

7.10.18. Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of Burson. The Company must give at least 28 days written notice of its intention to propose a resolution as a special resolution.

7.10.19. Directors' and officers' indemnity

The Company, to the extent permitted by law, indemnifies each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company has entered into deeds of access and indemnity with each Director and the Company Secretary. These are summarised in Section 6.3.2.2.

8 *Independent Limited Assurance Report*





The Directors
Burson Group Limited
61 Gower Street
Preston VIC 3072

The Directors
Burson SaleCo Pty Limited
61 Gower Street
Preston VIC 3072

31 March 2014

Dear Directors

***Independent Limited Assurance Report on Burson Group Limited
Historical Financial Information and Forecast Financial Information
and Financial Services Guide***

We have been engaged by Burson Group Limited (the **Company**) and Burson SaleCo Pty Limited (**SaleCo**) (collectively, **you**) to report on the historical and forecast financial information of the Company for inclusion in the prospectus (**Prospectus**) dated on or about 31 March 2014 and relating to the issue and sale of ordinary shares in the Company.

Expressions and terms defined in the Prospectus have the same meaning in this report, unless otherwise specified.

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

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following financial information of the Company included in the Prospectus (collectively, **the Financial Information**):

- a) **Historical Financial Information** collectively being the:
- i) **Statutory Historical Financial Information** comprising:
- statutory consolidated historical income statements for the years ended 30 June 2012 and 30 June 2013, and the six months ended 31 December 2012 and 31 December 2013;
 - statutory consolidated cash flow for the years ended 30 June 2012 and 30 June 2013, and the six months ended 31 December 2012 and 31 December 2013; and

***PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of
Australian Financial Services Licence No 244572
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au***



- statutory consolidated historical balance sheet as at 31 December 2013; and

ii) **Pro Forma Historical Financial Information** comprising:

- pro forma consolidated historical income statements for the years ended 30 June 2012 and 30 June 2013, and the six months ended 31 December 2012 and 31 December 2013;
- pro forma consolidated historical cash flow statements for the years ended 30 June 2012 and 30 June 2013, and the six months ended 31 December 2012 and 31 December 2013; and
- pro forma consolidated historical balance sheet as at 31 December 2013, which assumes certain pro forma adjustments (e.g. completion of the Offer); and

b) **Forecast Financial Information** collectively being the:

i) **Statutory Forecast** comprising:

- statutory consolidated forecast income statements for the years ending 30 June 2014 and 30 June 2015 (**Statutory Forecast Results**); and
- statutory consolidated forecast cash flow statements for the years ending 30 June 2014 and 30 June 2015 (**Statutory Forecast Cash Flows**); and

ii) **Pro Forma Forecast** comprising:

- pro forma consolidated forecast income statements for the years ending 30 June 2014 and 30 June 2015 (**Pro Forma Forecast Results**); and
- pro forma consolidated forecast cash flow statements for the years ending 30 June 2014 and 30 June 2015 (**Pro Forma Forecast Cash Flows**).

Statutory Historical Financial Information

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, as described in Appendix A of the Prospectus. The Statutory Historical Financial Information has been extracted from Burson Automotive Pty Limited's financial report for the year ended 30 June 2012, from the Company's financial report for the year ended 30 June 2013 and from the Company's reviewed interim financial report for the six month periods ended 31 December 2012 and 31 December 2013. The 30 June 2012 financial report was audited by Burson Automotive Pty Limited's auditor at that time and the audit opinion provided by that external auditor was unqualified. The 30 June 2013 financial report of the Company was audited by PricewaterhouseCoopers which issued an unqualified opinion. The 31 December 2013 interim financial report of the Company has been reviewed by PricewaterhouseCoopers Securities Ltd which issued an unqualified review opinion in respect of that period and the 31 December 2012 comparative period.



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

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information, after adjusting for the effects of the pro forma adjustments described in sections 4.3.3, 4.4.1 and 4.5.1 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in sections 4.3.3, 4.4.1 and 4.5.1 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, and/or cash flows.

Statutory Forecast

The Statutory Forecast Results and the Statutory Forecast Cash Flows, as described in section 4 of the Prospectus, have been prepared in accordance with the directors' best-estimate assumptions underlying the Statutory Forecast as described in section 4.7 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Forecast

The Pro Forma Forecast Results and the Pro Forma Forecast Cash Flows, as described in section 4 of the Prospectus, have been derived from the Company's Statutory Forecast, after adjusting for the effects of the pro forma adjustments described in section 4.3.3, 4.4.1 and 4.5.1 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast is the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the events or transactions to which the pro forma adjustments relate, as described in section 4.7 of the Prospectus, as if those events or transactions had occurred as at the date of the forecast. Due to its nature, the Pro Forma Forecast does not represent the Company's actual prospective financial performance and/or cash flows for the years ending 30 June 2014 and 30 June 2015.

Directors' responsibility

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

The directors of the Company are also responsible for the preparation of the Statutory Forecast, including its basis of preparation and the best-estimate assumptions underlying the Statutory Forecast. They are also responsible for the preparation of the Pro Forma Forecast, including its basis of



preparation and the selection and determination of the pro forma adjustments made to the Statutory Forecast and included in the Pro Forma Forecast.

This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Forecast Financial Information that are free from material misstatement.

Our responsibility

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

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

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

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of the Company, as described in section 4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in section 4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information.

Statutory Forecast

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



- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast Results and the Statutory Forecast Cash Flows do not provide reasonable grounds for the Statutory Forecast; and
- in all material respects, the Statutory Forecast:
 - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 4.7 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- the Statutory Forecast itself is unreasonable.

Pro Forma Forecast

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

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Results and the pro Forma Forecast Cash Flows do not provide reasonable grounds for the Pro Forma Forecast;
- in all material respects, the Pro Forma Forecast:
 - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 4.7 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Pro Forma Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- the Pro Forma Forecast itself is unreasonable.

Statutory Forecast and Pro Forma Forecast

The Statutory Forecast and Pro Forma Forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the years ending 30 June 2014 and 30 June 2015. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast and Pro Forma Forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the



Statutory Forecast and Pro Forma Forecast are based however such evidence is generally future-oriented and therefore speculative in nature.

We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast and Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 1, 4.8 and 5 of the Prospectus. The sensitivity analysis described in section 4.8 of the Prospectus demonstrates the impact on the Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast or Pro Forma Forecast will be achieved.

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

Restriction on Use

Without modifying our conclusions, we draw attention to section 4.2 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

Consent

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

Liability

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

Independence or Disclosure of Interest

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



Financial Services Guide

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'Charles Humphrey'.

Charles Humphrey
Director and Authorised Representative of
PricewaterhouseCoopers Securities Ltd



Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 31 March 2014

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence No. 244572) ("**PwC Securities**") has been engaged by Burson Group Limited ("**Burson**") and Burson SaleCo Pty Limited to provide a report in the form of an Independent Limited Assurance Report in relation to the Historical Financial Information and Forecast Financial Information (the "**Report**") for inclusion in the prospectus dated on or about 31 March 2014.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

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

3. Financial services we are licensed to provide

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



4. General financial product advice

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

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

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to \$855,000 (excluding disbursements and GST).

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

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

7. Complaints

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



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

8. Contact Details

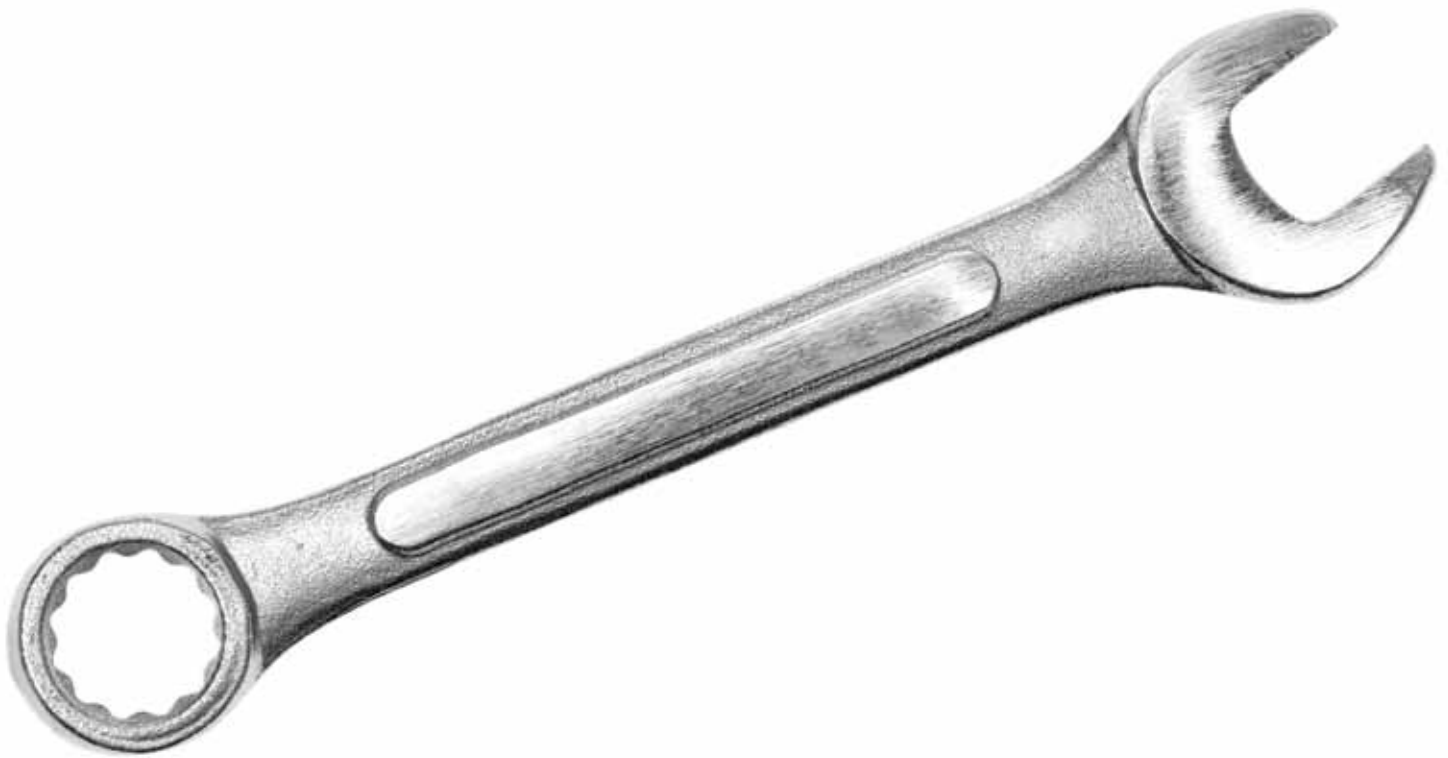
PwC Securities can be contacted by sending a letter to the following address:

Charles Humphrey
Director and Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Freshwater Place
2 Southbank Boulevard
Southbank VIC 3006
GPO Box 1331
Melbourne VIC 3001

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Additional Information



9.1. REGISTRATION

Burson was registered in Victoria on 13 September 2011 as a private company limited by shares and was converted into a public company limited by shares on 11 March 2014.

9.2. COMPANY TAX STATUS

The Company will be subject to tax at the Australian corporate tax rate.

9.3. SALE OF SHARES BY SALECO

SaleCo, a special purpose vehicle, has been established to facilitate the sale of Existing Shares by the Selling Shareholders.

Each of the Selling Shareholders has entered into a deed with Burson and SaleCo under which the relevant Selling Shareholder has agreed to sell to SaleCo some or all of their Existing Shares, which will be sold by SaleCo into the Offer, free from encumbrances and third party rights and conditional on (among other things) the Underwriting Agreement not having being terminated as at the date of settlement of the Offer.

The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to Successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. Burson will also issue New Shares to Successful Applicants under the Offer.

SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the deeds described above. The sole director and shareholder of SaleCo is Darryl Abotomey, who is also a director of Burson. Burson has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of costs of the Offer. Burson has indemnified SaleCo and the shareholders and officers of SaleCo for any loss which they may incur as a consequence of the Offer.

9.4. EMPLOYEE AND EXECUTIVE INCENTIVE PLANS

9.4.1. Short term incentive plan

The Chief Executive Officer and other Senior Management of Burson are eligible to participate in Burson's short term incentive plan (STI Plan).

Participants in the STI Plan have a target cash payment which is set as a percentage of their total fixed annual remuneration. Actual short term incentive payments in any given year may be below, at or above that target depending on the achievement of financial and non-financial criteria as set by the Board, in accordance with the terms of the STI Plan, which may be varied from time to time by the Board. No incentive payment is payable if the threshold performance target is not met.

At least 70% and up to 100% of an annual incentive payment will be assessed by financial measures and quantitative key performance indicators. The financial measures and indicators used under the STI Plan may reference Burson's revenue, EBITDA and NPAT performance, or a combination of these measures, as agreed by the Board. Up to 30% of an annual incentive payment will be assessed having regard to non-financial measures, being key performance indicators determined annually by the Board.

These measures are tested annually after the end of the relevant financial year.

Where available, payments under the STI Plan will be made immediately after the release of full year financial results to the ASX except in relation to any portion of an award above the target up to the maximum award, which will be deferred for a period of 12 months. Awards will also be subject to claw back for any material financial misstatements in relation to Burson's performance for the relevant period which are subsequently revealed.

9.4.2. Long term incentive plan

As part of the Listing process, Burson intends to introduce a Long Term Incentive Plan (**LTIP**) to assist in the motivation, retention and reward of certain senior executives. The LTIP is designed to align the interests of senior executives more closely with the interests of Shareholders by providing an opportunity for senior executives to receive an equity interest in Burson through the granting of performance rights (**Performance Rights**). The vesting of the Performance Rights is subject to satisfaction of certain performance conditions.

The key terms of the LTIP are as follows:

Administration	The LTIP is administered by the Board.
Eligibility	Participation in the LTIP is by invitation to certain employees deemed eligible by the Board.
Award	A Performance Right will vest on satisfaction of the applicable performance, service or other vesting conditions specified at the time of the grant. The Board has the discretion to set the terms and conditions on which it will offer Performance Rights under the LTIP, including the vesting conditions.
Performance Rights	Upon satisfaction of any vesting conditions, each Performance Right will automatically convert into one Share. Performance Rights do not carry any voting rights or dividend entitlements.
Performance period	Performance will be assessed over a performance period specified at the time of the grant.
Shares	Shares allocated on conversion of Performance Rights rank equally with the other issued Shares and carry the same rights and entitlements, including dividend and voting rights. Shares may be issued by Burson or acquired on or off market by a nominee or trustee on behalf of Burson, then transferred to the Participant.
New issues	Performance Rights do not confer on a Participant the right to participate in new issues of Shares or other securities in Burson, including by way of bonus issues, rights issues or otherwise.
Limitations	The number of Shares to be received by a Participant on the conversion of the Performance Rights must not exceed 5% of the total number of issued Shares.
Trustee	Burson may appoint a trustee for the purpose of administering the LTIP, including to acquire and hold Shares, or other securities of the Company, on behalf of Participants or otherwise for the purposes of the LTIP.
Quotation	Performance Rights will not be quoted on the ASX. Burson will apply for official quotation of any Shares issued under the LTIP in accordance with the ASX Listing Rules and having regard to any disposal restrictions in place under the LTIP.
Amendments	To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the LTIP. This includes varying the number of Performance Rights or the number of Shares to which a Participant is entitled upon a reorganisation of the capital of Burson.
Other terms	The LTIP contains other terms relating to the administration, variation, suspension and termination of the LTIP.

The 2014 offer

The 2014 offer to participate in the LTIP is being made to six of Burson's senior executives for a total value of approximately \$1,060,500. Performance Rights will be granted under the 2014 offer to these senior executives on or around Completion.

Vesting of the Performance Rights granted under the 2014 offer will be assessed on the basis of two categories of performance hurdles:

- 50% of the Performance Rights granted to a Participant will vest subject to a total shareholder return performance hurdle which assesses performance by measuring capital growth in the Share price together with income returned to Shareholders, measured over the performance period against a comparator group of companies as determined by the Board; and
- 50% of the Performance Rights granted to that Participant will vest subject to an earnings per Share performance hurdle which measures the basic earnings per share on a normalised basis over the performance period.

The Performance Rights will vest on satisfaction of the performance hurdles as tested on 30 June 2016 (in respect of 25% of the Performance Rights granted to a Participant under the 2014 offer) and 30 June 2017 (in respect of 75% of the Performance Rights granted to that Participant under the 2014 offer).

The performance period for the first tranche (25%) of Performance Rights under the 2014 offer is 26 months from Completion. The performance period for the second tranche (75%) of Performance Rights under the 2014 offer is 38 months from Completion. Shares that are allocated in respect of each tranche will be subject to a 12 month holding period after vesting of the Performance Rights.

9.4.3. Employee Salary Sacrifice Share Plan

The Employee Offer under this Prospectus consists of an invitation to Eligible Employees to apply for Shares in Burson under the Plan. Further details of the Employee Offer and eligibility to participate are described in Section 7.4.

A summary of the terms and conditions of the Plan is set out below:

Administration	The Plan is administered by the Board.
Amendment	The Plan may be amended by resolution of the Board provided there is no reduction of rights of employees in respect of Shares issued under the Plan. If an amendment reduces the rights of employees, it requires written consent of three quarters of affected employees.
Eligibility	Under the Plan, Burson may from time to time offer Shares to eligible full time or permanent part time employees of Burson or to such other person as the Board determines in its discretion.
Termination	The Plan may be terminated or suspended at any time by a resolution of the Board.
Offer	Under the Plan, Burson may make an offer of Shares conditional on the participating employee acquiring a specified number of Shares for valuable consideration. The Board may determine the price at which the Shares will be offered to an employee. Shares may be granted at no cost to the employee or the Board may determine that the market value or an alternative price is appropriate.
Discretion	The Board has the discretion to determine any other specific terms and conditions applying to each offer.
Ranking of Shares	Shares issued under the Plan will rank equally with the other issued Shares.
Restrictions on transfers	Participants may not dispose of Shares acquired under the Plan until the earlier of: i. the date three years after the date the Shares were acquired; and ii. the date the participating employee ceases employment with Burson.
Limitations	Shares may not be offered under the Plan to the extent that, immediately following acceptance of the Shares, the relevant participant: i. would hold a legal or beneficial interest in more than 5% of Shares on issue; or ii. would be in a position to cast or control the casting of more than 5% of the maximum number of votes that might be cast at a general meeting of Burson.
Vesting	There are no vesting conditions or forfeiture conditions in respect of Shares issued under the Plan.
Trustee	Burson may appoint a trustee for the purpose of administering the Plan, including to acquire and hold Shares, or other securities of the Company, on behalf of Eligible Employees or otherwise for the purposes of the Plan.

9.5. SUMMARY OF UNDERWRITING AGREEMENT

The Offer is fully underwritten by the Joint Lead Managers pursuant to an underwriting agreement dated 26 March 2014 between the Joint Lead Managers, Burson and SaleCo (**Underwriting Agreement**). Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite the Offer.

For the purpose of this Section 9.5, offer documents include any of the following documents (**Offer Documents**) issued or published by, or on behalf of, and with the authorisation of, Burson and SaleCo in respect of the Offer, and in the form agreed by the Joint Lead Managers:

- this Prospectus, the Application Forms and any supplementary prospectus;
- the pathfinder version of this Prospectus that was provided to Institutional Investors, Co-Managers and Brokers prior to the lodgement of this Prospectus with ASIC; and
- the marketing, roadshow presentation and/or ASX announcement(s) used by or on behalf of Burson to conduct the Offer.

Commissions, fees and expenses

Burson has agreed to pay the Joint Lead Managers an underwriting fee equal to 2.0%, and a management and selling fee equal to 1.0%, of the funds raised under the Offer. The underwriting fee, and the management and selling fee, will become payable by Burson on the date of settlement of the Offer and will be paid to the Joint Lead Managers in equal proportions.

Burson may also pay an incentive fee to the Joint Lead Managers of up to 0.5% of the funds raised under the Offer. Payment of the incentive fee is at Burson's absolute discretion and may be paid to the Joint Lead Managers in equal proportions. If Burson elects to pay the incentive fee, it will be paid on the date of settlement of the Offer.

In addition to the fees described above, Burson and SaleCo have agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

Termination events

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until on or before the date of issue and transfer of Shares under the Offer, terminate the Underwriting Agreement without cost or liability by notice to Burson and SaleCo and the other Joint Lead Manager if any of the following events occur:

- in the reasonable opinion of that Joint Lead Manager, a statement in any Offer Document, or any public and other media statements made by, or on behalf of and with the knowledge and consent of, Burson, SaleCo or any other member of the Group, in relation to the business or affairs of Burson, SaleCo or the Group or the Offer (**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 or Public Information;
- a new circumstance arises after lodgement of this Prospectus that would have been required to be included in this Prospectus if it had arisen before lodgement and is in the reasonable opinion of that Joint Lead Manager materially adverse from the point of view of an investor;
- Burson and SaleCo are, in the reasonable opinion of the Joint Lead Manager, required by section 719 of the Corporations Act to lodge, and fail to lodge, a supplementary prospectus with ASIC within the required time period reasonably required by the Joint Lead Managers and in a form approved in writing by the Joint Lead Managers;
- 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 (i.e. 27 March 2014) and is at or below that level at the close of trading (i) for three consecutive business days during any time after the date of the Underwriting Agreement, or (ii) on the business day immediately before the date of settlement of the Offer;
- any of the escrow deeds entered into by the Escrowed Shareholders is withdrawn, varied, terminated, rescinded, altered, amended or breached or there is a failure to comply with any of them;
- the sale deed entered into by each Selling Shareholder with Burson and SaleCo, as described in Section 9.3, is withdrawn, varied, terminated, rescinded, altered, amended or breached or there is a failure to comply with any such deed;
- Burson, SaleCo or any of their respective directors or officers 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 (or approval subject to customary conditions) is refused or not granted to Burson's admission to the Official List or to quotation of all the Shares within the specified timeframe, or the ASX withdraws, qualifies (other than by customary conditions) or withholds such approval;
- 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 of the Corporations Act 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 Joint Lead Managers) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
 - any person (other than the Joint Lead Managers) gives a notice under section 730 of the Corporations Act in relation to an Offer Document;
- Burson or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement;
- Burson 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 becomes insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- an event specified in the agreed timetable up to and including the date of settlement of the Offer is delayed by more than three business days (other than any delay agreed between Burson, SaleCo and the Joint Lead Managers or required as a result of ASIC extending the period under section 727(3) of the Corporations Act);

- Burson is prevented from transferring or allotting and issuing (as applicable) New Shares, or SaleCo is prevented from transferring the relevant Existing Shares, within the time required by the agreed timetable, the Offer Documents, the ASX Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental authority;
- Burson (except as expressly contemplated by certain pre-Listing restructure steps) without the prior written consent of the Joint Lead Managers:
 - alters the issued capital of Burson or a member of the Group; or
 - disposes or attempts to dispose of a substantial part of the business or property of Burson or a member of the Group;
- a regulatory body withdraws, revokes or amends any regulatory approvals required for Burson or SaleCo to perform their obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents;
- 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 which makes it illegal for the Joint Lead Manager to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- there is a change in senior management or the board of directors of Burson or SaleCo;
- the chairman, Chief Executive Officer or Chief Financial Officer of Burson vacates his or her office; or
- any of the following occur:
 - a director or proposed director of Burson or SaleCo named in this Prospectus is charged with an indictable offence relating to any financial or corporate matter or is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E or 206F of the Corporations Act;
 - any governmental agency commences any public action against Burson or SaleCo or any of their respective directors in their capacity as a director of Burson or SaleCo (as applicable), or announces that it intends to take action; or
 - any director or proposed director of Burson or SaleCo named in this Prospectus is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.

Termination events subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until on or before the issue and transfer of Shares under the Offer (without any cost or liability by notice to Burson, SaleCo and the other Joint Lead Manager), terminate the Underwriting Agreement without any cost or liability by notice to Burson, SaleCo and the other Joint Lead Manager if any of the following events occur and the Joint Lead Manager has reasonable grounds to believe the event (i) has or is likely to have a materially adverse effect on the success, settlement or marketing of the Offer, or on the ability of the Joint Lead Manager to market, promote or settle the Offer, or on the likely price Shares will trade at on the ASX following the Offer, or the willingness of investors to subscribe for Shares under the Offer, or (ii) will, or is likely to, give rise to a liability of the Joint Lead Manager under, or a contravention by the Joint Lead Manager or its affiliates being involved in a contravention of, any applicable law:

- any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act (and all regulations under that Act), the Listing Rules or any other applicable law or regulation;
- any forecast that appears in an Offer Document is or becomes incapable of being met in the projected time (including financial forecasts);
- the due diligence report or verification material provided by or on behalf of Burson or SaleCo to the Joint Lead Managers 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 in the assets, liabilities, financial position or performance, profits, losses or prospects of Burson and the Group (insofar as the position in relation to an entity in the Group affects the overall position of Burson), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Burson or the Group from those respectively disclosed in any Offer Document or Public Information;
- a new law is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any state or territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or state authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- there is a contravention by Burson, SaleCo or any other member of the Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investments Commission Act 2001* (Cth) (or any regulations under those acts), Burson or SaleCo's constitution, or any of the ASX Listing Rules;

- a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of Burson or SaleCo is breached, becomes not true or correct or is not performed;
- Burson or SaleCo defaults on one or more of its obligations under the Underwriting Agreement;
- Burson varies any term of its constitution without the prior written consent of the Joint Lead Managers;
- legal proceedings against Burson, SaleCo, any other member of the Group or against any Director, or any director of SaleCo or of any other member of the Group, in that capacity are commenced or any regulatory body commences an enquiry or public action against a member of the Group;
- any information (including any information supplied prior to the date of the Underwriting Agreement) supplied by or on behalf of a member of the Group to the Joint Lead Managers 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);
- hostilities not presently existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, Japan, the United Kingdom, the People's Republic of China, South Korea, Israel, Singapore or any member state of the European Union, 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;
- a statement in a closing certificate is false, misleading, inaccurate or untrue or incorrect; or
- any of the following occurs (i) a general moratorium on commercial banking activities in Australia, New Zealand, Canada, the People's Republic of China, Japan, Singapore, Hong Kong, Russia, the United Kingdom, the United States or a member state of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) any adverse effect 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 or a member state of the European Union, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries, or (iii) trading in all securities quoted or listed on the ASX, the New Zealand Stock Exchange, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading.

Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by Burson and SaleCo to the Joint Lead Managers (as well as common conditions precedent, including the entry into a restriction agreement by certain Existing Shareholders, a sale deed being entered into by or on behalf of each Selling Shareholder, and ASIC and the ASX granting the waivers and modifications necessary to enable the Offer to proceed in accordance with the timetable).

The representations and warranties given by Burson and SaleCo relate to matters such as conduct of Burson and SaleCo, power and authorisations, information provided by Burson and SaleCo, financial information, information in this Prospectus, the conduct of the Offer, compliance with laws, the ASX Listing Rules and other legally binding requirements. Burson also provides additional representations and warranties in connection with matters including in relation to its assets, litigation, non-disposal of escrowed Shares, entitlements of third parties, tax, insurance, authorisations and eligibility for Listing.

Burson's undertakings include that it will not, during the period following the date of the Underwriting Agreement until 120 days after Shares have been issued under the Offer, issue (or agree to issue) any Shares or securities without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed), subject to certain exceptions. These exceptions include an issue of securities pursuant to an employee share or option plan described in the pathfinder version of this Prospectus, a non-underwritten dividend reinvestment or bonus share plan described in the pathfinder version of this Prospectus or a proposed transaction fully and fairly disclosed in the pathfinder version of this Prospectus.

Indemnity

Subject to certain exclusions relating to, among other things, fraud or wilful misconduct of an indemnified party, Burson and SaleCo agree to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.6. SUMMARY OF NEW BANKING FACILITIES

Burson has entered into a commitment letter with Australia and New Zealand Banking Group Limited and Westpac Banking Corporation (together, the **Lenders**) for the provision of debt financing of \$139 million (in aggregate), comprising two 3 year revolving facilities (**New Banking Facilities**) and has substantially agreed the fourth variation deed amending and restating the terms of its existing debt facilities with the Lenders and documenting the terms of the New Banking Facilities. On Completion, funding provided under the New Banking Facilities (together with proceeds from the sale of New Shares under the Offer) will be utilised to repay existing debt facilities (and any derivative transactions associated with such financing), pay transaction costs in relation to the Offer and fund working capital, growth capital expenditure and permitted acquisitions.

The New Banking Facilities will be guaranteed by Burson and wholly owned subsidiaries in the Group which together hold 85% of total Group assets and generate 85% of Group EBITDA. The lenders under the New Banking Facilities will have first ranking security over all or substantially all of the assets of the Group (subject to certain agreed exclusions).

The availability of funding under the New Banking Facilities is conditional on confirmation that Burson will be quoted on the ASX as contemplated by the Offer and other conditions precedent which are usual for facilities of this nature. Accordingly, on Completion, Burson will have debt funding available to assist with the repayment of the existing debt and to provide for the funding needs of Burson post Completion.

The New Banking Facilities will comprise:

- \$110 million 3 year revolving facility (**Tranche A**) split into two sub-tranches:
 - \$85 million tranche A1 (**Tranche A1**); and
 - \$25 million tranche A2 (**Tranche A2**); and
- \$29 million 3 year revolving facility (**Tranche B**).

9.6.1. Tranche A

Tranche A1 is available for general corporate purposes (including funding acquisition opportunities), repaying existing debt facilities (and any derivative transactions associated with such financing), paying related financing and advisory fees, costs and expenses in connection with the Offer, capital expenditure and permitted acquisitions. Tranche A2 is available for funding permitted acquisitions only.

Utilisations under Tranche A (under both Tranches A1 and A2) are repayable at the end of each interest period (except to the extent a utilisation is redrawn), with a final bullet repayment at maturity, being 3 years from the date of first utilisation under the New Banking Facilities.

Tranche A has a variable interest rate which is based on BBSY plus a margin that varies depending on the net leverage ratio of the Group. The average effective interest rate of Tranche A is forecast to be 4.15%.

Tranche A will attract a commitment fee on undrawn commitments at a rate of 40% of the applicable Tranche A margin. Burson will also be required to pay an upfront fee of 0.25% of the Tranche A commitments, payable on the date of first utilisation under the New Banking Facilities.

9.6.2. Tranche B

Tranche B is available for working capital and other general corporate purposes, the issuance of letters of credit/bank guarantees or performance bonds, and the provision of transactional and foreign exchange facilities for the Group. Cash drawings under Tranche B are repayable at the end of each interest period (except to the extent a utilisation is redrawn), with a final bullet repayment at maturity, being 3 years from the date of first utilisation under the New Banking Facilities.

Tranche B will attract the same margin in respect of cash drawings, and the same commitment fee and upfront fee, as Tranche A.

9.6.3. Financial undertakings

The agreement under which the New Banking Facilities will be made available will contain undertakings typical for facilities of this nature. The undertakings include financial undertakings which will be tested semi-annually, with the first test date being 31 December 2014.

	Note	Burson metrics as at Prospectus Date
Net leverage ratio not to be greater than 2.50:1	1	2.0x
If Burson proceeds with a major acquisition (being an acquisition where the total consideration payable exceeds \$15 million), the net leverage ratio for the next 4 test dates after the date of settlement of the major acquisition will be required to be not greater than 3.00:1, and will revert to a net leverage ratio requirement of not greater than 2.50:1 for each test date after that.		
Fixed charge cover ratio to be equal to or greater than 1.75:1	2	3.1x

Notes:

1. Net leverage ratio calculation represents pro forma net indebtedness following Completion of the Offer divided by pro forma EBITDA for FY2014.
2. Fixed charge ratio represents pro forma EBITDA plus rent divided by pro forma interest expense plus rent for FY2014.

9.6.4. Other financing considerations

The agreement under which the New Banking Facilities are made available will contain certain representations, undertakings, events of default and review events which are standard for a facility of this nature.

Any material breach by Burson of representations or undertakings given or made by it, or the occurrence of an event of default, may lead to the funds borrowed becoming due and the New Banking Facilities being cancelled. In addition, a review event will occur if:

- any person (either alone or jointly with any other person) other than Quadrant gains (directly or indirectly) control of Burson; or
- any class of securities in Burson are suspended from trading on the ASX for a continuous period of 10 business days or longer (for reasons other than there being an imminent announcement of a major acquisition or merger transaction).

If a review event occurs, the parties will be required to negotiate in good faith to agree the revised terms for the New Banking Facilities to take into account the review event. If agreement cannot be reached within 30 days, it may lead to some or require all of the funds borrowed under the New Banking Facilities to be repaid and the New Banking Facilities being cancelled by 90 days' notice to Burson.

The agreement under which the New Banking Facilities are made available will also contain a market standard disruption clause. If, due to a change in market circumstances, BBSY cannot be obtained or it does not reflect the cost of funds of those lenders representing a certain threshold of commitments under the New Banking Facilities, then the interest rate payable to the lenders will be a percentage rate per annum reflecting the cost to the lenders of funding their participation in the facilities (from whatever source or sources they may reasonably select) plus the margin.

9.7. DESCRIPTION OF THE SYNDICATE

Morgan Stanley Securities Australia Limited and UBS AG, Australia Branch are the Joint Lead Managers to the Offer.

Morgans and Ord Minnett are the Co-Managers to the Offer.

9.8. REGULATORY RELIEF

ASIC exemptions and relief

ASIC has granted the following exemptions from, and modification to, the Corporations Act:

- relief from section 606 to permit the acquisition by Burson of a relevant interest in more than 20% of the Shares by virtue of the voluntary escrow deeds, on certain conditions, as well as modification of section 671B to require Burson to make substantial holding disclosure of the relevant interest it would have acquired, but for relief, as a result of the voluntary escrow deeds; and
- relief under sections 911A(2)(l), 992B(1)(a) and 1020F(1)(a) to effectively extend the benefit of ASIC Class Order 03/184 to the LTIP. This provides Burson with conditional relief from the requirement to issue disclosure documentation in connection with the grant of Performance Rights, as well as relieving Burson from the operation of the licensing, advertising, securities hawking and managed investment scheme provisions of the Corporations Act for offers of Performance Rights under the LTIP in accordance with ASIC's conditions.

ASX waivers and confirmation

The Company has applied to the ASX for waivers or confirmations in respect of the following Listing Rules:

- confirmation that Burson will be admitted to the Official List under the 'profit test' in Listing Rule 1.2; and
- a waiver of Condition 11 of Listing Rule 1.1 in relation to the Performance Rights issued under the LTIP.

9.9. OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 9.9 contains a general description of these laws.

Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government Foreign Investment Policy

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) applies to acquisitions of shares and voting power in a company of 15% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**).

Where an acquisition of a Substantial Interest or Aggregate Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Federal Government's Foreign Investment Policy (**Policy**) or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial Interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, in accordance with the Policy, acquisitions of a direct investment in an Australian company by foreign governments and their related entities should be notified to the Foreign Investment Review Board for approval, irrespective of value. According to the Policy, a 'direct investment' will typically include any investment of 10% or more of the shares (or other securities or equivalent economic interest or voting power) in an Australian company but may also include investment of less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target investment.

Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

9.10. TAXATION CONSIDERATIONS

9.10.1. Taxation considerations generally

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, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their shares on capital account.

This summary does not consider the consequences for non-Australian tax resident Shareholders, or 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 Shareholders who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or "TOFA" regime). Shareholders who are subject to TOFA should obtain their own tax advice as to the implications under the TOFA regime (if any).

This summary is based on the law in Australia in force at the time of issue of this Prospectus. Australian tax laws are complex. It also does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each Shareholder's specific circumstances.

Shareholders should seek professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

9.10.2.Dividends on a Share

Australian resident individuals and complying superannuation entities

Where dividends on a Share are distributed by the Company, those dividends will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a 'qualified person' (refer further comments below). 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, such Shareholders should be entitled to a tax refund.

Where a dividend paid by the Company is unfranked, the Shareholder will generally be taxed at his or her prevailing marginal rate on the dividend received with no tax offset.

Corporate shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credit in their assessable income. A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit on the dividend received. Such corporate Shareholders can then pass on the benefit of the franking credits to its own shareholder(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

Trusts and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of 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, measured as the period commencing the day after the Shareholder acquires the Shares and ending on the 45th day after the Shares become ex-dividend. The date 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. Special rules apply to trusts and beneficiaries.

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 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 a dividend to another person. Shareholders should obtain their own tax advice to determine if these requirements have been satisfied.

Disposal of Shares

The disposal of a Share by a Shareholder will be a CGT event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the net capital gain 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 arising to individuals and entities acting as trustees (other than 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.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised 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.

Goods and Services Tax

Investors should not be liable for GST in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by investors in this respect.

Stamp Duty

Investors should not be liable for stamp duty in respect of their investment in Shares. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of Shares.

Tax File numbers

A Shareholder is not required to quote their TFN to the Company. However, if a valid TFN or exemption details are not provided, Australian tax will be required to be deducted by the Company from distributions and/or dividends at the maximum marginal tax rate plus the Medicare levy. A Shareholder that holds Shares as part of an enterprise may quote their Australian Business Number ("ABN") instead of their TFN. Non-residents are exempt from this requirement.

9.10.3. Taxation considerations specifically applicable to the Employee Offer

The Employee Offer has been structured to enable the employee to apply for \$500 or \$1,000 worth of Shares free of income tax if certain conditions set out in current Australian tax legislation are met.

This summary is general in nature and is based on the law in Australia in force at the time of the issue of this Prospectus.

As each employee's circumstances will be different, it is strongly recommended the employee seek professional advice in relation to the employee's specific personal circumstances. Burson and its advisors will not be held responsible to employees who act solely on the information provided in this summary.

We strongly recommend that the employee seek his/her own professional advice from an independent person who is licensed by ASIC to give such advice before making any decisions about the Shares.

The Plan has been structured to comply with specific tax concessions available under the Australian taxation rules dealing with employee share scheme - the "Exemption Concession". As a result, the Shares are not subject to any forfeiture conditions, however, the Shares are restricted from disposal until the earlier of 3 years after the date of acquisition or termination of employment.

Grant of Shares

An employee participating in the Employee Offer may be eligible for the "Exemption Concession" if certain criteria are met. Under the current tax laws, an employee may acquire Shares at a discount of up to \$1,000 to the market value of the Shares under the Employee Offer tax free if the participant meets both the "Income Test" and the "5% Shareholding Test" and other conditions outlined in the tax law are met.

Income Test

To access the tax concession, the employee's Adjusted Taxable Income (**ATI**) must be \$180,000 or less for the year ended 30 June 2014. ATI is calculated as the sum of:

- taxable income for FY14;
- the value of the Share allocation under the Employee Offer (up to \$1,000);
- reportable fringe benefits for FY14;
- 'reportable' superannuation contributions for FY14; and
- total net investment loss for FY14 (if any).

If the employee's ATI is \$180,000 or less, the employee will not pay any income tax on the Shares in the year of grant.

If the employee's ATI exceeds \$180,000, the tax concession will not be available to the employee and the employee will be subject to income tax on the value of the Shares in the year of grant.

5% Shareholding Test

An employee will not be eligible for the tax concession if, immediately after acquisition of the Shares, the employee:

- holds a beneficial interest in more than 5% of Burson's issued share capital; or
- is in a position to cast, or control the casting of, more than 5% of the maximum number of votes that might be cast at a general meeting of Burson.

If an employee does not meet the 5% shareholding test, the tax concession will not be available and the employee will be subject to income tax on the value of the Shares in the year of grant.

Restriction on the disposal of Shares

The Shares must be restricted from disposal until the earlier of the 3rd anniversary of the date of acquisition and the date of termination of employment from the Burson Group for the Exemption Concession to apply. Once the disposal restriction ceases to apply, the employee is free to deal with the Shares.

There are no tax consequences as a result of the disposal restriction lifting on the Shares.

Apart from this, there are no other conditions such as a risk of forfeiture that apply to the Shares under the Employee Offer.

Reporting and tax withholding

Burson is not required to withhold Australian income tax or the Medicare Levy on the issue of the Shares provided the employee has provided Burson with his/her TFN or ABN.

Burson will provide each employee with a statement containing details of the Shares acquired under the Employee Offer. Burson will also be required to provide information on the Shares issued to employees under the Employee Offer to the Australian Taxation Office.

Sale of Shares

The sale of the Shares will give rise to a CGT event and will result in either a capital gain or a capital loss.

The capital gain or loss will be calculated as the sale proceeds received for the Shares less the cost base of the Shares. The cost base of the Shares will be the market value of the Shares at grant.

If the employee realises a capital gain, the gain (after first offsetting any available capital losses) will be subject to tax at the employee's marginal rate of tax (plus Medicare Levy). A 50% CGT discount may be available if the employee has held the Shares for more than 12 months from the date of acquisition.

Dividends

Dividends on the Shares are subject to income tax from the date of grant on the same basis as discussed in Section 9.10.2.

Stamp duty

No stamp duty will be payable by employees on the issue or transfer of Shares pursuant to the Employee Offer.

9.11. LEGAL PROCEEDINGS

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

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 laws applicable in Victoria and each Applicant submits to the exclusive jurisdiction of the courts of Victoria.

9.13. *CONSENTS TO BE NAMED AND STATEMENT OF DISCLAIMERS OF RESPONSIBILITY*

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- each of Morgan Stanley Securities Australia and UBS AG, Australia Branch 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;
- each of Morgans and Ord Minnett 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 Co-Manager to the Offer in the form and context in which it is named;
- Gilbert + Tobin 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 (other than in relation to taxation matters) to Burson and SaleCo in relation to the Offer in the form and context in which it is named;
- PricewaterhouseCoopers Securities Ltd 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 Burson in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Independent Limited Assurance Report on the Financial Information in the form and context in which it appears in this Prospectus;
- PricewaterhouseCoopers 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 auditor to Burson in the form and context in which it is so named; and
- Computershare 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 Share Registry of the Company in the form and context in which it is named. Computershare has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to Burson. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

9.14. *STATEMENT OF DIRECTORS*

This Prospectus is authorised by each director of Burson and SaleCo who consents to its lodgement with ASIC and its issue.

A

Significant Accounting Policies



A.1 KEY ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Information are set out below.

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Financial Information are set out below.

a. Basis of preparation

i. Accounting standards

The Financial Information has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The Financial Information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

ii. Historical cost convention

The Financial Information have been prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation.

b. Principles of consolidation

i. Subsidiaries

The consolidated Financial Information incorporate the assets and liabilities of all subsidiaries of Burson Group Limited and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

c. Foreign currency translation

i. Functional and presentation currency

Items included in the Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Information is presented in Australian dollars, which is Burson Group Limited's functional and presentation currency.

d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

i. Sale of goods

A sale is recorded when goods have been delivered to the customer, the customer has accepted the goods and collectability of the related receivables is probable.

ii. Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

e. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i. Tax consolidation legislation

The Company and all its wholly-owned Australian entities are part of a tax-consolidated group under Australian taxation law. Burson Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences are recognised by 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).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

f. Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases.

g. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition-date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

h. Impairment of assets

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

i. Cash and cash equivalents

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

j. Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

k. Inventories

Inventory is valued at lower of cost and net realisable value on an average cost basis.

l. Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Plant and equipment	3-15 years
Motor vehicles	3-7 years
Leasehold improvements	5 years
Computer software	2-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

m. Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

n. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the end of the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

o. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date or specific event, are classified as liabilities.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

p. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

q. Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii. Other long-term employee benefit obligations

The liability for long service leave not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the end of the reporting period, regardless of when the actual settlement is expected to occur.

r. Contributed equity

Ordinary shares are classified as equity.

s. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

t. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

u. Segment information

Description of segments

The Burson Group operates within the one reportable segment (the sale and distribution of motor vehicle parts and accessories). Total revenues all relate to the sale and distribution of motor vehicle parts and accessories in the Company's country of domicile (Australia), in this single reportable segment. The Company is not reliant on any single customer.

B

Glossary



Term	Meaning
AASB	Australian Accounting Standards Board
AEST	Australian Eastern Standard Time
Applicant	a person who submits an Application
Application	an application made to subscribe for Shares offered under this Prospectus
Application Form	an application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
Application Monies	the amount of money accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules or Listing Rules	the rules of the ASX that govern the admission, quotation and removal of securities from the ASX Official List as amended, varied or waived from time to time
ASX Market Rules	the market rules of the ASX as amended, varied or waived from time to time
ASX Settlement Operating Rules	the settlement rules of the ASX as amended, varied or waived from time to time
ASX Recommendations	the second or third edition (as applicable) of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council
Australian Accounting Standards or Accounting Standards	Accounting Standards as defined in the Corporations Act
Board	the board of Directors
Broker	any ASX participating organisation selected by the Joint Lead Managers and Burson to act as a broker to the Offer
Broker Firm Offer	the offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker provided that such clients are not in the United States
Broker Firm Offer Applicant	a person who submits an Application under the Broker Firm Offer
Burson or Company	Burson Group Limited (formerly Burson Group Holdings Pty Limited) ABN 80 153 199 912 and, where the context requires, its subsidiaries
Burson Automotive	Burson Automotive Pty Ltd ABN 82 006 613 378
Burson Finance	Burson Finance Pty Limited ABN 64 153 203 804
Burson Holdings	Burson Holdings Pty Ltd ABN 51 143 698 935
Burson Offer Information Line	1300 706 137 (toll free within Australia) or +61 3 9946 4427 (outside Australia) in each case, open from 9.00am to 5.00pm (AEST), Monday to Friday until Completion
CGT	Capital Gains Tax
Closing Date	the date on which the Retail Offer is expected to close, being 17 April 2014. This date may be varied without prior notice
CODB	costs of doing business
Co-Managers	Morgans and Ord Minnett
Company VWAP	the volume weighted average price of the Shares (calculated to two decimal places of one cent) traded on the ASX "On-market" (as that term is defined in the ASX Market Rules) excluding special crossings, overseas trades, trades pursuant to the exercise of options or overnight trades, as determined by the ASX in accordance with its customary practice
Company VWAP Period	any period of 20 consecutive trading days after the Relevant Date
Completion	the completion of the Offer, being the date upon which Shares are issued or transferred to Successful Applicants in accordance with the terms of the Offer
Computershare	Computershare Investor Services Pty Limited ABN 48 078 279 277
Constitution	the corporate constitution of Burson
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth)
Directors	the directors of Burson from time to time
EBIT	earnings before interest and tax
EBITDA	earnings before interest, tax, depreciation and amortisation
Eligible Employees	a permanent full time or part time employee of Burson resident in Australia earning \$180,000 or less per year
Employee Offer	the offer to Eligible Employees as described in Section 7.4

Term	Meaning
Employee Offer Applicant	a person who submits an Application under the Employee Offer
ERP	enterprise resource planning
Escrowed Shareholders	means the Quadrant Funds, Darryl Abotomey, certain Other Management Shareholders and in some cases their controlled entities who hold Shares
Existing Shareholders	those persons holding Shares as at the Prospectus Date
Existing Shares	Shares held by all Existing Shareholders as at the Prospectus Date
Expiry Date	13 months after the Prospectus Date
Exposure Period	the seven day period after the date of lodgement of this Prospectus with ASIC, which may be extended by ASIC for up to an additional seven days
Financial Information	has the meaning given in Section 4.1
Financial Services Guide	has the meaning given in Section 8
Forecast Financial Information	has the meaning given in Section 4.1
Group or Burson Group	Burson Group Limited (formerly Burson Group Holdings Pty Limited) ABN 80 153 199 912 and its subsidiaries, and, in Section 9.5 includes SaleCo and its subsidiaries
GST	Goods and Services Tax
Historical Financial Information	has the meaning given in Section 4.1
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Independent Limited Assurance Report	the report prepared by PricewaterhouseCoopers Securities Ltd in Section 8
Institutional Investor	<p>an investor:</p> <ul style="list-style-type: none"> in Australia who is either a “professional investor” or “sophisticated investor” under sections 708(11) and 708(8) of the Corporations Act; or in certain other jurisdictions, as agreed between Burson and the Joint Lead Managers, to whom offers or invitations in respect of securities can be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company and SaleCo are willing, in their absolute discretion, to comply), <p>in either case, provided that such person is not in the United States</p>
Institutional Offer	the invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.5
Investigating Accountant	PricewaterhouseCoopers Securities Ltd
IT	information technology
Joint Lead Managers	Morgan Stanley Securities Australia and UBS AG, Australia Branch
Listing	the admission of the Company to the official list of the ASX and quotation of Shares on the ASX
Loan Notes	the loan notes issued to the Quadrant Funds by Burson pursuant to a loan note deed poll dated 13 October 2011
Long Term Incentive Plan or LTIP	the long term incentive plan described in Section 9.4.2
Morgan Stanley Securities Australia	Morgan Stanley Securities Australia Limited ABN 55 078 652 276
Morgans	Morgans Financial Limited ACN 010 669 726
New Banking Facilities	has the meaning given in Section 9.6
New Shares	new Shares to be issued by Burson under the Offer
NPAT	net profit after tax
OEM	original equipment manufacturer
Offer	the offer under this Prospectus of New Shares for issue by the Company and Existing Shares for sale by SaleCo
Offer Period	the period from the Opening Date and ending on the Closing Date
Offer Price	\$1.82 per Share
Official List	the official list of the ASX
OH&S	occupational health and safety
Opening Date	the date on which the Retail Offer opens
Ord Minnett	Ord Minnett Limited ACN 002 733 048
Original Prospectus	the Prospectus issued by Burson and SaleCo dated 31 March 2014, which was lodged with ASIC on that date and is replaced by this Prospectus

Term	Meaning
Other Existing Shareholders	all Existing Shareholders other than Quadrant Funds, Darryl Abotomey and Other Management
Other Management	management of Burson as at the Prospectus Date other than Darryl Abotomey and Andrew Schram
parc	refers to the number of cars and other vehicles in a region or market
Participant	a participant in the Long Term Incentive Plan as described in Section 9.4.2
pcp	prior comparative period
Performance Rights	rights to acquire Shares in Burson offered to certain employees under the terms and conditions of the Long Term Incentive Plan as described in Section 9.4.2
Plan	the Employee Salary Sacrifice Share Plan as described in Sections 7.4 and 9.4.3
Plan Rules	Employee Salary Sacrifice Share Plan Rules as described in Sections 7.4 and 9.4.3
Pre-IPO Dividend	the dividend of \$0.44 per Share to be paid by Burson to the existing holders of shares in Burson immediately prior to Completion
Preference Shares	preference shares issued by Burson and held by certain shareholders in Burson as at the Prospectus Date
PricewaterhouseCoopers or PwC	PricewaterhouseCoopers ABN 52 780 433 757
PricewaterhouseCoopers Securities Ltd or PwCS Ltd	PricewaterhouseCoopers Securities Ltd ABN 54 003 311 617
Pro Forma Financial Information	has the meaning given in Section 4.1
Pro Forma Forecast Results	has the meaning given in Section 4.1
Pro Forma Historical Results	has the meaning given in Section 4.1
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 the Original Prospectus was lodged with ASIC, being 31 March 2014
Quadrant	Quadrant Private Equity, acting through one or more managers of various Quadrant private equity funds
Quadrant Funds	Quadrant Private Equity No. 3C Pty Limited as trustee for Quadrant Private Equity No. 3C, Quadrant Private Equity No. 3D Pty Limited as trustee for Quadrant Private Equity No. 3D and QPE No. 3GP Pty Limited as General Partner of the General Partner of Quadrant Private Equity No. 3, LP
Relevant Date	the date on which the half year results of the Company for the period ending 31 December 2014 are released to the ASX
Retail Offer	the Broker Firm Offer and the Employee Offer
SaleCo	Burson SaleCo Pty Limited ACN 168 580 247
Selling Shareholders	Existing Shareholders who elect to sell Shares to SaleCo
Senior Management	the members of Burson management referred to in Section 6.2 and Senior Manager means any one of them
Share	a fully paid ordinary share in the capital of Burson
Shareholder	a holder of a Share in Burson
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277
SKU	stock keeping unit
SSSG	same store sale growth
Statutory Forecast Results	has the meaning given in Section 4.1
Successful Applicant	an Applicant who is issued or transferred Shares under the Offer
TFN	Tax File Number
trade focused	any distributor of automotive aftermarket parts having at least three quarters of its total sales to 'trade customers' (being workshops and do-it-yourself vehicle owners)
UBS AG, Australia Branch	UBS AG, Australia Branch ABN 47 088 129 613
Underwriting Agreement	the underwriting agreement between the Company, SaleCo and the Joint Lead Managers dated 26 March 2014
U.S. or United States	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. Person	has the meaning given in Rule 902(k) of Regulation S under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended

Burson Group Limited

ABN 80 153 199 912

Please complete all relevant sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

Broker Firm Offer Application Form

Broker Firm Offer closes 5.00pm (AEST) on Thursday, 17 April 2014

Broker Firm Applicants must contact their Broker for information on how to submit this Broker Firm Offer Application Form and Application Monies.

This Application Form relates to the Offer by Burson Group Limited (Burson) and Burson SaleCo Pty Limited (SaleCo) of Shares in Burson, made under the replacement prospectus lodged with ASIC on Monday, 7 April 2014 (Prospectus) (or any supplementary or replacement Prospectus). The Prospectus will expire 13 months after 31 March 2014.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. This Prospectus has been prepared for publication in Australia. The Shares to be offered under the Offer have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a U.S. Person.

This Application Form is important. If you are in doubt as to how to deal with it, please contact your financial or other professional adviser. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

STEP 1 Shares applied for

Insert the dollar amount of Shares you wish to apply for. The minimum Application under the Broker Firm Offer is as directed by your Broker. The maximum number of Shares to be issued or transferred to you will be determined by dividing the dollar amount applied for by the Offer Price. You may be issued or transferred all of the Shares applied for or a lesser number.

STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in CHESS. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to Burson's privacy statement. This is not compulsory but will assist us if we need to contact you.

STEP 3 CHESS holdings only

Burson will apply to ASX for Shares to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESS, Burson will operate an electronic CHESS subregister of shareholdings and an electronic issuer sponsored subregister of shareholdings.

Together, the two subregisters will make up Burson's principal register of Shares. Burson will not be issuing certificates to applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN.

Acceptance of the Offer

By returning this Application Form with your Application Monies:

- you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
- you declare that all details and statements made are complete and accurate;
- you declare that if you received the Prospectus via electronic means, it was received either personally or a printout was accompanied by the Application Form before making an Application;
- you declare that each Applicant, if a natural person, is at least 18 years old;
- you declare that you are located in Australia, not acting for the account or benefit of any person in the United States;
- you were given access to the Prospectus together with the Application Form and you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an Application on this Application Form;
- if you are a trustee, you are authorised under the constituent documents of the trust to apply for and hold Shares in Burson;
- if you are a custodian, you confirm that you are authorised by your client to give undertakings on their behalf;
- you provide authorisation to be registered as the holder of Shares issued to you and agree to be bound by the Constitution and the Prospectus;
- you apply for the number of Shares set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares, a lesser number or none;
- you agree to become a member of Burson and to be bound by and comply with the terms of its Constitution;

Need assistance?

Phone

(within Australia) 1300 706 137

(outside Australia) +61 3 9946 4427

Please return your completed form to your Broker

Otherwise, leave the section blank and on allotment you will be sponsored by Burson and an SRN will be allocated to you.

Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares issued will be held on the issuer sponsored subregister.

STEP 4 Application payment

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not return this Application Form or Application Monies to the Share Registry.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the Applicant received a firm allocation. The total amount of your cheque or bank draft should equal the amount shown in Step 1.

Lodgement instructions

There is no maximum value of Shares that may be applied for under the Broker Firm Offer. Burson may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9.00 am (AEST) on Tuesday, 8 April 2014 and is expected to close at 5.00 pm (AEST) on Thursday, 17 April 2014. Burson and the Underwriters may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

- you acknowledge that the information contained in the Prospectus (or any supplementary or replacement Prospectus) is not investment advice or a recommendation that Shares are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares is not guaranteed by Burson;
- you authorise Burson and the Underwriters to do anything on your behalf necessary for Shares to be issued to you, including acting on instructions received by your Broker;
- you acknowledge that an investment in Burson does not constitute an investment in, a deposit with, or any type of liability of the Underwriters or any of their related bodies corporate and none of the foregoing parties in any way stand behind or guarantee the repayment of capital from Burson, the investment performance of Burson or any portfolio rate of return;
- you acknowledge that an investment in Burson involves a degree of risk;
- your Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law;
- you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque submitted with this Application Form is dishonoured or for the wrong amount and you authorise Burson to complete or correct this Application Form;
- you acknowledge that if you are not issued any Shares or you are issued fewer Shares than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act; and
- you agree that by providing Burson with your email address, you consent to Burson contacting you via email unless you notify Burson otherwise in writing.

Broker Firm Offer Application Form

STEP 1 Enter the number of Shares you wish to apply for

I/we apply for:

Price per Share

Application payment

[illegible]

STEP 2 Applicant names(s) and postal address

Individual / joint Applications - refer to naming standards for correct form of registrable title(s)

[illegible]

Title or company name

Given name(s)

Surname

[illegible]

Joint Applicant 2 or account designation

[illegible]

Joint Applicant 3 or account designation

Postal address

[illegible]

Unit

Street number

Street name or PO box

[illegible]

Street name or PO box (continued)

[illegible]

City/Suburb/Town

State

Postcode

Contact details

()

Contact name

Telephone number where you can be contacted during business hours

[illegible]

Email Address

STEP 3 CHESS Holdings Only - supply your Holder Identification Number

[illegible]

STEP 4 Cheque(s) must be crossed 'Not Negotiable' and made payable in accordance with the directions of your Broker

				A\$.00
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Drawer

Cheque number

BSB number

Account number

Amount of payment

Privacy Statement

Personal information is collected on this form by Computershare, as Share Registry for Burson for the purpose of maintaining registers of Shares and facilitating payments and other corporate actions and communications. Your personal information may be disclosed to related bodies corporate of Computershare, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Computershare, or you would like to correct information that is inaccurate, incorrect or out of date, please contact Computershare. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Burson in addition to general corporate communications. You may elect not to receive marketing material by contacting Computershare. You can contact Computershare using the details provided on the front of this Application Form or e-mail privacy@computershare.com.au.

Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the Shares you hold) to be included in the public register of Burson. Information is collected to administer your shareholding and if some or all of the information is not collected it may not be possible to administer your Shares.

Correct forms of registrable titles

Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation or completed as described in the correct forms of registrable title(s) below.

Type of Applicant	Correct form of registration	Incorrect form of registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L; ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr William Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr William Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

Burson Group Limited

ABN 80 153 199 912

Please complete all relevant sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

Broker Firm Offer Application Form

Broker Firm Offer closes 5.00pm (AEST) on Thursday, 17 April 2014

Broker Firm Applicants must contact their Broker for information on how to submit this Broker Firm Offer Application Form and Application Monies.

This Application Form relates to the Offer by Burson Group Limited (Burson) and Burson SaleCo Pty Limited (SaleCo) of Shares in Burson, made under the replacement prospectus lodged with ASIC on Monday, 7 April 2014 (Prospectus) (or any supplementary or replacement Prospectus). The Prospectus will expire 13 months after 31 March 2014.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. This Prospectus has been prepared for publication in Australia. The Shares to be offered under the Offer have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a U.S. Person.

This Application Form is important. If you are in doubt as to how to deal with it, please contact your financial or other professional adviser. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

STEP 1 Shares applied for

Insert the dollar amount of Shares you wish to apply for. The minimum Application under the Broker Firm Offer is as directed by your Broker. The maximum number of Shares to be issued or transferred to you will be determined by dividing the dollar amount applied for by the Offer Price. You may be issued or transferred all of the Shares applied for or a lesser number.

STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in CHESS. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to Burson's privacy statement. This is not compulsory but will assist us if we need to contact you.

STEP 3 CHESS holdings only

Burson will apply to ASX for Shares to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESS, Burson will operate an electronic CHESS subregister of shareholdings and an electronic issuer sponsored subregister of shareholdings.

Together, the two subregisters will make up Burson's principal register of Shares. Burson will not be issuing certificates to applicants in respect of Shares allotted.

If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN.

Acceptance of the Offer

By returning this Application Form with your Application Monies:

- you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
- you declare that all details and statements made are complete and accurate;
- you declare that if you received the Prospectus via electronic means, it was received either personally or a printout was accompanied by the Application Form before making an Application;
- you declare that each Applicant, if a natural person, is at least 18 years old;
- you declare that you are located in Australia, not acting for the account or benefit of any person in the United States;
- you were given access to the Prospectus together with the Application Form and you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an Application on this Application Form;
- if you are a trustee, you are authorised under the constituent documents of the trust to apply for and hold Shares in Burson;
- if you are a custodian, you confirm that you are authorised by your client to give undertakings on their behalf;
- you provide authorisation to be registered as the holder of Shares issued to you and agree to be bound by the Constitution and the Prospectus;
- you apply for the number of Shares set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares, a lesser number or none;
- you agree to become a member of Burson and to be bound by and comply with the terms of its Constitution;

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(outside Australia) +61 3 9946 4427

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- you acknowledge that the information contained in the Prospectus (or any supplementary or replacement Prospectus) is not investment advice or a recommendation that Shares are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares is not guaranteed by Burson;
- you authorise Burson and the Underwriters to do anything on your behalf necessary for Shares to be issued to you, including acting on instructions received by your Broker;
- you acknowledge that an investment in Burson does not constitute an investment in, a deposit with, or any type of liability of the Underwriters or any of their related bodies corporate and none of the foregoing parties in any way stand behind or guarantee the repayment of capital from Burson, the investment performance of Burson or any portfolio rate of return;
- you acknowledge that an investment in Burson involves a degree of risk;
- your Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law;
- you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque submitted with this Application Form is dishonoured or for the wrong amount and you authorise Burson to complete or correct this Application Form;
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Broker Firm Offer Application Form

STEP 1 Enter the number of Shares you wish to apply for

I/we apply for:

Price per Share

Application payment

[illegible]

STEP 2 Applicant names(s) and postal address

Individual / joint Applications - refer to naming standards for correct form of registrable title(s)

[illegible]

Title or company name

Given name(s)

Surname

[illegible]

Joint Applicant 2 or account designation

[illegible]

Joint Applicant 3 or account designation

Postal address

[illegible]

Unit

Street number

Street name or PO box

[illegible]

Street name or PO box (continued)

[illegible]

City/Suburb/Town

State

Postcode

Contact details

()

Contact name

Telephone number where you can be contacted during business hours

[illegible]

Email Address

STEP 3 CHESS Holdings Only - supply your Holder Identification Number

[illegible]

STEP 4 Cheque(s) must be crossed 'Not Negotiable' and made payable in accordance with the directions of your Broker

				A\$.00
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Drawer

Cheque number

BSB number

Account number

Amount of payment

Privacy Statement

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Type of Applicant	Correct form of registration	Incorrect form of registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
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Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr William Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr William Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

CORPORATE DIRECTORY

BURSON'S REGISTERED OFFICE

Burson

61 – 63 Gower Street
Preston, VIC 3072, Australia

JOINT LEAD MANAGERS

Morgan Stanley

Level 39, Chifley Tower
2 Chifley Square
Sydney, NSW 2000, Australia

UBS

Level 16, Chifley Tower
2 Chifley Square
Sydney, NSW 2000, Australia

CO-MANAGERS

Morgans Financial Limited

Level 29
123 Eagle Street
Brisbane, QLD 4001, Australia

Ord Minnett Limited

Level 8, NAB House
255 George Street
Sydney, NSW 2000, Australia

AUSTRALIAN LEGAL ADVISER

Gilbert + Tobin

Level 37
2 Park Street
Sydney, NSW 2000, Australia

INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Ltd

Freshwater Place
2 Southbank Boulevard
Southbank, VIC 3006, Australia

AUDITOR

PricewaterhouseCoopers

Freshwater Place
2 Southbank Boulevard
Southbank, VIC 3006, Australia

SHARE REGISTRY

Computershare Investor Services

GPO Box 2975
Melbourne, VIC 3001, Australia

BURSON OFFER INFORMATION LINE

Within Australia: 1300 706 137

Outside of Australia: +61 3 9946 4427

OFFER WEBSITE

www.bursonshareoffer.com

