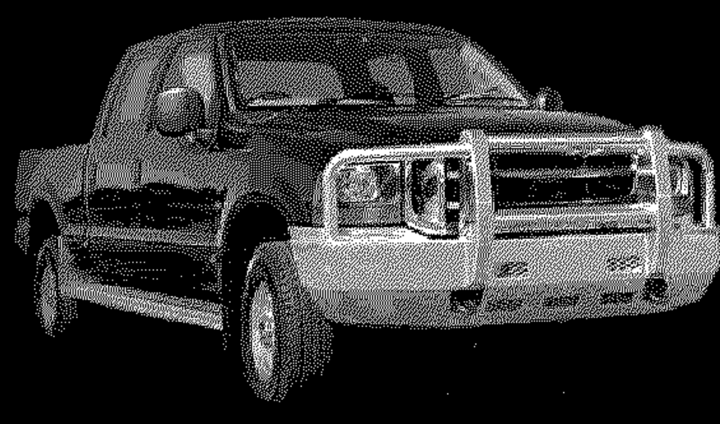
auto paint
diagnostics
protection
transmissions

ALLOMAK



An offer of 59,000,000 ordinary shares in Allomak Limited at 40 cents each to raise $23.6 million

PROSPECTUS

LEAD MANAGERS & UNDERWRITERS: PATERSONS SECURITIES LTD FOSTER STOCKBROKING PTY LTD

IMPORTANT DOCUMENT

This Prospectus is dated 21 July 2006 and was lodged with ASIC on that date. This Prospectus expires on the date 13 months after the date of this Prospectus. No Shares will be allotted or issued on the basis of this Prospectus later than the date that it expires. Neither ASIC nor ASX and their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates. The fact that ASIC may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or of the Shares offered under this Prospectus.

In accordance with section 727(3) of the Corporations Act this Prospectus is subject to an exposure period of seven days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of the exposure period is to allow this Prospectus to be examined by market participants prior to the acceptance of the Applications. If this Prospectus is found to be deficient Applications received will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period and no preference will be conferred on Applications received during the exposure period.

This Prospectus will be issued in paper form and as an electronic prospectus which may be viewed on line at www.allomak.com or www.psl.com.au The Offer is available to persons receiving an electronic version of this Prospectus in Australia. During the application period any person may obtain a hard copy of this Prospectus by phoning (02) 8238 6247 or (02) 8214 5380.
Applications for Shares under this Prospectus can only be submitted on the Application Form attached to this Prospectus or in its paper copy form downloaded in its entirety from www.allomak.com The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

INVESTMENT DECISIONS

This Prospectus provides information to help investors decide whether they wish to invest in the Company. It should be read in its entirety and in particular the risk factors that could affect the financial performance of the Company should be considered. The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of the investor. Please read the Application Form carefully. Professional advice from an accountant stockbroker lawyer or other professional advisor should be sought before the decision is made to invest.

RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS

This Prospectus does not constitute an offer of Shares in any place in which or to any person to whom it would not be lawful to do so. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes (including nominees, trustees or custodians) should seek advice on and observe these restrictions and any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared to conform to the securities laws in Australia.

DISCLAIMER

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus except as required by law and then only to the extent so required. Refer to section 9 of this Prospectus for details relating to risk factors.

DEFINED TERMS AND ABBREVIATIONS

Terms and abbreviations used in this Prospectus are defined in section 12 of this Prospectus. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

LEAD MANAGERS & UNDERWRITERS

PATERSONS
THE AUSTRALIAN STOCKBROKER

fs
STOCKBROKING

MESSAGE FROM THE CHAIRMAN

On behalf of the board of Allomak Limited, I have pleasure in presenting this Prospectus and offering you the opportunity to become a shareholder in the Company.

Allomak was established in April 2005 for the purpose of acquiring, operating and developing complementary businesses in the Automotive Aftercare market. Allomak has acquired, or has contracted to acquire in conjunction with this initial public offering, five businesses as the launch platform for the group.

Each of the Operating Companies has been successfully trading for more than 20 years and built strong market share within their respective niches in the Automotive Aftercare industry. On a pro-forma basis the gross margin for the group has been and is expected to continue to be approximately 50%, with forecast FY 2007 net profit after tax of $4.2 million.

In addition, as soon as it lists, Allomak will have franking credits of approximately $2.5 million available for future dividends.

Allomak anticipates, with an 8.00% expected dividend yield, that it will not only provide shareholders with a solid earnings stream, but will also deliver good capital growth. Allomak intends to deliver organic growth and create value by:

(a) providing centrally coordinated finance and administration systems, thereby reducing overhead costs;

(b) extending and building on customer relationships and business opportunities across the wider Allomak group; and

(c) implementing operational efficiencies and productivity improvements.

In addition, Allomak plans to acquire additional profitable businesses within the Automotive Aftercare industry. Allomak anticipates that as Australia's ageing business operators look to retire there is likely to be a growing number of willing sellers of profitable private businesses.

This Offer provides you with an opportunity to invest in an innovative Australian company with an attractive business model run by a management team with extensive relevant experience. The board and management are committed to realising the potential of Allomak and delivering attractive returns for shareholders.

My fellow directors join me in inviting you to consider this opportunity to participate in the Offer, and we look forward to welcoming you as a new shareholder.

Yours faithfully

A. Anthony McLellan
Chairman

CONTENTS

Offer Statistics

Offer price	$0.40
IPO shares	59.0m
Amount to be raised	$23.6m
Shares on issue following capital raising	87.8m
Implied market capitalisation	$35.1m
Enterprise value	$34.4m

Financials

FY 07 EBIT	$5.9m
FY 07 EV/EBIT	5.88
FY 07 NPAT	$4.2m
FY 07 P/E	8.40
FY 07 DPS (cents)	3.20
FY 07 yield (fully franked)	8.00%

Key Dates*

Prospectus lodged with ASIC
21 July 2006

Offer opens 28 July 2006

Offer closes 18 August 2006

Anticipated dispatch of shareholding statements 25 August 2006

Anticipated quotation on ASX
30 August 2006

*All dates are subject to change and are indicative only. The company reserves the right to extend the offer, withdraw the offer or close the offer early without prior notice. Applicants are encouraged to lodge their applications as early as possible after the offer opens. The company and the underwriter reserves the right to accept late applications either generally or in particular cases.

1. Strong Fundamentals

Attractively priced:
- PE 8.40
- EV/EBIT 5.88

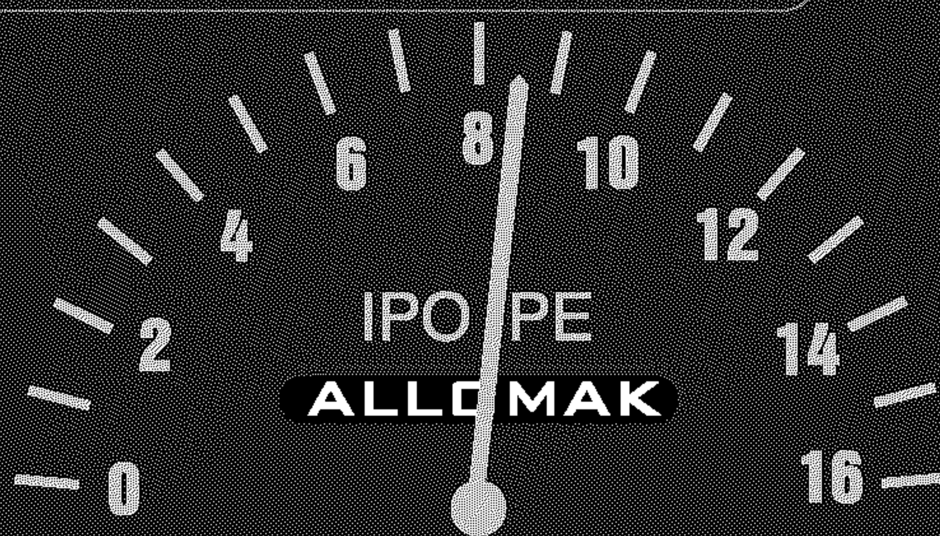
Solid return:
- FY07 dividend yield 8.00% fully franked

Healthy margins:
- Gross Margins – approximately 50%

Attractive capital structure:
- All existing Shares and vendor equity will be escrowed for at least 12 months

Low gearing:
- Net cash position

Strong forecast profitability:
- FY07 ROA 19%
- FY07 ROE 17%

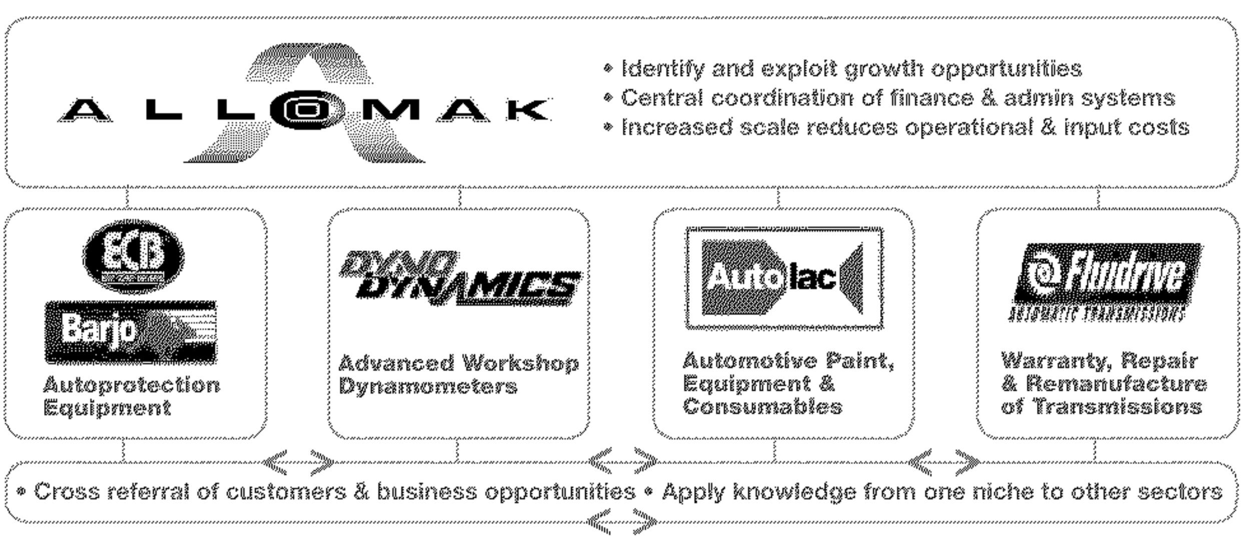


2. Quality operating companies

- **Long track record of solid operations:** Each business has been successfully operating in the Automotive Aftercare industry for more than 20 years.
- **Each of Allomak's businesses has a profiled position in their respective niche within the Automotive Aftercare market.**
- On a pro-forma basis the **Gross Margin** for the Allomak group of businesses has been, and is expected to continue to be **approximately 50%.**

3. Attractive business model

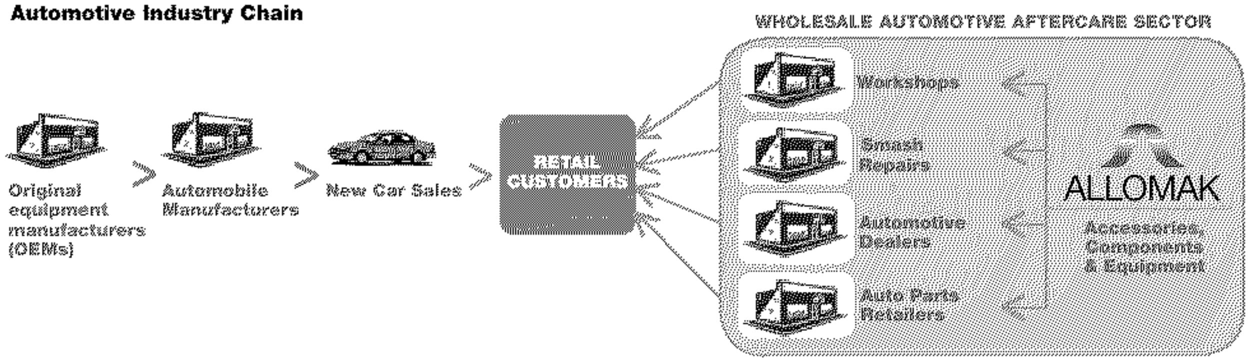
- Each of Allomak's businesses operate as separate business units sharing certain common services. Key benefits of the structure include:
  - **Reduction of overheads** through provision of centrally coordinated finance and administration systems;
  - **Increased market share** through the **cross referral** of customer relationships and business opportunities;
  - **Reduced operational and input costs** driven by increased scale of operations; and
  - **Productivity improvements** driven by improved marketing, sales and manufacturing processes.



4. Attractive industry dynamics

- **Allomak focuses on the wholesale (business-to-business) component of the Automotive Aftercare market:** Allomak's Operating Companies service workshops, smash repair shops, automotive dealers and auto parts retailers.
- The Automotive Aftercare market operates largely independently of the new car and OEM market and is characterised by:
  - **good margins compared to the OEM sector**; and
  - **agile supply chain planning and inventory management** to enable timely responses in a 'pull-based' environment.
- The Automotive Aftercare market is **less susceptible to economic cycles** than the new car market:
  - economic boom: people tend to accessorise new vehicles; and
  - economic downturn: people tend to retain their vehicles for longer periods and require additional servicing and parts.

Automotive Industry Chain



5. Growth potential

- **Significant opportunities for solid organic growth:**
  - By extending customer relationships and business opportunities across the group; and
  - Implementing productivity improvements and efficiencies.
- **Fragmented Automotive Aftercare industry provides many opportunities for further strategic Acquisitions**.

All of Allomak's Operating Companies have been successfully trading for more than 20 years and have built strong market share within their respective niches in the Automotive Aftercare market.

Allomak's Operating Companies service the following niches:

- **Auto protection equipment and accessories**
- **Advanced workshop diagnostics**
- **Automotive paint, equipment and consumables**
- **Warranty, repair and remanufacture of transmissions**

S2 Offer at a Glance

Upon listing, Allomak Limited will be the ultimate holding company of profitable, long-standing businesses operating within the Automotive Aftercare market.

The Company's objective is to deliver strong cash flows combined with steady growth through continued investment in existing businesses and by acquiring other established businesses meeting its investment criteria when the opportunities arise.

The Offer	The Company is seeking to raise $23,600,000 through the offer of 59,000,000 new Shares at an application price of $0.40 per Share. The offer is underwritten by Patersons Securities Ltd and Foster Stockbroking Pty Ltd.	
Capital Structure	Existing Shares on issue	22,163,510
	Shares being offered under this Prospectus	59,000,000
	Shares to be issued to Vendors (estimate)*	6,650,615
	Shares on issue on completion of the IPO	87,814,125
	Offer Price	$0.40
	Market capitalisation at Offer Price on completion of the IPO	$35,125,650
	*Includes 750,000 shares issued prior to IPO. The above does not include the impact of existing options granted by Allomak. Please refer to Section 11.6(c).	
Forecast Financial Information	**Forecast Year Ending 30 June 2007 ($'000)**	
	Revenue	34,840
	EBIT (earnings before interest and tax)	5,851
	NPBT (net profit before tax)	5,701
	NPAT (net profit after tax)	4,181
	EV/EBIT	5.88
	PE	8.40
	Yield	8.00%
Dividends	Subject to forecasts being met or exceeded, an interim dividend of 1.2 cents and a final dividend of 2.0 cents per Share is forecast to be paid to Shareholders. This dividend would represent an 8.00% yield based on the Offer price. For the period from Listing to 30 June 2007, the forecast Dividend represents a circa 9.4% Annualised Yield.	
Application of Funds	The funds raised through the IPO will be applied as follows:	
	Vendor payments under existing Acquisition agreements	$16,209,000
	Repayment of debt	$1,173,000
	Working capital	$4,638,000
	IPO cash costs	$1,580,000
Offer Dates	Prospectus lodged with ASIC	21 July 2006
	Offer opens	28 July 2006
	Offer closes	18 August 2006
	Anticipated dispatch of shareholding statements	25 August 2006
	Anticipated quotation on ASX	30 August 2006
	Note: The Company, in consultation with the Underwriters, expressly reserve the right to vary the Offer dates, or may decide to withdraw or otherwise not proceed with the Offer, without prior notice. If the Offer does not proceed the Application monies will be returned to the Applicants without interest.	

Allomak anticipates that it will provide shareholders with a solid earnings stream and good capital growth.

Allomak is forecasting an 8.00% fully franked dividend yield.
Allomak plans to deliver growth by:

- **Extending and building on customer relationships and business opportunities across the Allomak group;**
- **Implementing operational efficiencies and productivity improvements; and**
- **Acquiring additional profitable business within the Automotive Aftercare industry.**

S3 Offer Summary

This Section provides an overview of the Offer and should be read in conjunction with the remainder of the Prospectus.

3.1 Allomak Overview

Allomak, on completion of the remaining Acquisitions, will comprise a group of long standing, successful companies, operating profitably within the Automotive Aftercare market. Each of Allomak's Operating Companies was selected as the launch platform for the Allomak group based on the following key acquisition criteria:

- Long track record of solid revenues;
- Good reputation in the industry for quality, customer service and ethical dealings;
- Ability to cross-refer clients to other companies within the Allomak group; and
- Operations in potential growth segments of the Automotive Aftercare market or strong market share within their niche in the Automotive Aftercare market.

While the Operating Companies are each focused on diverse niches within the Automotive Aftercare market, they all service the business-to-business (i.e. wholesale) sector of the aftercare market.

As well as the Barjo and Dyno Dynamics businesses (which as at the date of this Prospectus are already owned by Allomak), Allomak will, prior to admission to the Official List of the Australian Stock Exchange, complete the Acquisitions of the other three Operating Companies (Autolac, ECB and Fluidrive). After Quotation of the Shares on the ASX, part of the funds raised pursuant to this Prospectus will be applied to make the remaining cash settlement payments then due for the purchases of Autolac, ECB and Fluidrive.

3.2 Offer Summary

The Company is seeking to raise $23,600,000 through the fully underwritten Offer of 59,000,000 new ordinary Shares at an issue price of $0.40 each. All of the new shares in Allomak will rank equally with the existing Shares on issue, in accordance with rights attaching to Shares set out in Section 11.1.

3.3 Share Capital Structure

New Shares: Number of new Shares being offered under this Prospectus	59,000,000	67.2%
Vendor Shares: Number of Shares to be issued as Vendor acquisition payments (subject to adjustment)*	6,650,615	7.6%
Existing Shares: Number of Existing Shares on issue immediately prior to the date of this Prospectus (subject to adjustment)*	22,163,510	25.2%
Total Shares: number of Shares on issue after allotment of Shares under this Prospectus and the Acquisition agreements	87,814,125	100.0%

The above table is presented without detailing the impact of the existing options which have been issued to Directors, selected employees and also to the Underwriters of this offer. Details of these options are set out in Sections 11.6 and 11.7.

*The total number of Vendor and Existing Shares is 28,814,125. The split between the number of Shares allocated as Vendor Shares and the number allocated as Existing Shares is subject to adjustment as the number to be allocated as Vendor Shares is based on the 5 day post listing VWAP ("Volume Weighted Average Price per Share"). The above table calculates the Vendor and Existing Shares based on the issue price of $0.40. Provided the 5 day VWAP is $0.40 or greater the total number of Vendor and Existing Shares will not change. The only adjustment will be the exact split between the two groups. In the event the VWAP is below $0.40, the number of Vendor Shares would increase, generating a negligible increase in the Total Shares on issue: approximately 175,000 additional Shares would be issued for each cent that the VWAP is below $0.40 (an increase in the Total Shares on issue by a factor of 0.002).

3.4 Financial Data

The table below sets out a summary of certain pro-forma historical and forecast financial information for Allomak.

Please note this information is presented on a pro-forma consolidated basis in order to illustrate the financial performance for the three years of Allomak group as if the Acquisitions had taken place as at 1 July 2003. It does not represent the actual performance of Allomak Limited itself during this period. Investors should note that as at the date of this Prospectus Allomak has acquired the Barjo and Dyno Dynamics businesses and has contracted to acquire the Autolac, ECB and Fluidrive businesses (see Section 11.3 for further details).

Allomak Limited
Pro-forma Aggregated Income Statement

	FY2004 $'000	FY2005 $'000	Forecast FY2006 $'000	Forecast FY2007 $'000
Sales Revenue	25,888	27,284	28,483	34,840
Normalised EBITDA	3,716	3,800	4,170	6,595
Depreciation	434	456	565	744
Normalised EBIT	3,282	3,344	3,605	5,851
Borrowing Costs				150
Profit from ordinary activities before income tax expense				5,701
Income tax expense relating to ordinary activities				1,520
Profit from ordinary activities after related income tax expense				4,181

The historical financial performance has not been extended beyond Normalised EBIT as the borrowings and other financing costs were different to that which will be in place after the completion of the Offer.

Detailed financial information is provided in Section 7 of this Prospectus.

3.5 Dividend Policy

The Directors intend to declare a fully franked interim dividend of 1.2 cents after the release of the half yearly financial results to 31 December 2006 and, subject to the Forecast for the financial year ended 30 June 2007 being achieved and other relevant factors, the Directors intend to declare a final fully franked dividend of 2.0 cents per Share in relation to the financial year ended 30 June 2007. This represents a yield of 8.00% based on the Offer Price and a payout ratio in the first year of approximately 67% of NPAT for the Allomak group.

Ultimately, the payment of dividends will depend on the successful performance of the Company. In determining the optimum dividend policy and specific dividends to be paid from time to time, the Directors will take into account various factors affecting the Company (including its internal funding needs) and giving priority to maximising the growth and development of the business.

No assurance as to future dividends can be given as it is dependent on the future earnings of the Company. Other factors beyond the control of the Directors, such as market competition, may also affect profitability and therefore the capacity of the Company to pay dividends. Consequently, the Directors cannot give any assurances concerning the payment of future dividends.

3.6 Business and Investment Risks

As with any investment in the stock market, an investment in Allomak has a number of risks. The price of the Shares may fall as well as rise. A number of key risks which Applicants should be aware of are described in Section 9.

Before deciding to apply for Shares, prospective Applicants should read the entire Prospectus and, in particular, should consider the assumptions underlying the prospective financial information, the financial forecasts and the risk factors that could affect the future financial performance of the Company.

3.7 Minimum Subscription

The minimum total amount of subscriptions to be raised pursuant to this Prospectus is $23,600,000.

No Shares will be allotted or issued until the minimum subscription has been received and if the Company does not receive the minimum subscription within 3 months of the issue of the Prospectus, all Applications will be refunded in full without interest.

3.8 Underwriting

The Offer is fully underwritten by Patersons Securities Ltd and Foster Stockbroking Pty Ltd.

The Company will pay the Underwriters (in aggregate) a commission of 4% and a management fee of 1% plus grant to the Underwriters 1,500,000 options over unissued Shares with an exercise price of $0.40 per option and an expiry date 3 years from date of listing. Details of the Underwriting Agreement are set out in Section 11.

3.9 How to apply for Shares

To participate in the Offer the Application Form must be completed in accordance with the instructions on its reverse side. Applications must be for a minimum of 5,000 Shares ($2,000) and thereafter in multiples of 2,500 Shares ($1,000 increments).

The Offer Price of the Shares is payable in full on Application. Cheques must be in Australian currency and made payable to *"Allomak Ltd Share Subscription Account"* and crossed *"Not Negotiable"*.

3.10 Lodgement of Applications

Applicants who receive a firm offer should return their completed Application Forms to the Underwriter or Broker from whom they received their firm allocation of Shares. Applicants who receive a general offer should return their completed Application Forms together with their cheque for the Application money to any of:

The Share Registry
Registries Limited
Level 2,
28 Margaret Street
Sydney NSW 2000

The Underwriters
Patersons Securities Ltd
Attn: Danielle Ferraro
Level 27 Australia Sq.
264 George St
Sydney NSW 2000

Foster Stockbroking Pty Ltd
Attn: Anne Williams
Level 21
25 Bligh Street
Sydney NSW 2000

There is no facility for Applications to be accepted electronically.

3.11 Allocation

The Company reserves the right to authorise the issue of a lesser number of Shares than those for which an Application has been made or to reject any Application. Where no issue or allocation of Shares is made or the number of Shares issued is less than the number applied for, surplus Application monies will be refunded without interest.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The Company's decision as to whether to treat an Application as valid, and how to construe, amend or complete it, will be final. The Company's decision on the number of Shares to be allocated to an Applicant will also be final.

3.12 Application money held on trust

All Application money will be held on trust in a separate bank account which has been opened only for this purpose until the Shares are issued and allotted under the Offer or the Application money is returned to the Applicants.

3.13 ASX Listing

Not later than 7 days after the date of this Prospectus, application will be made to the ASX for the Company to be admitted to the Official List of the ASX and for the Official Quotation of the Shares.

The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication of the value or merits of the Company or of the Shares offered under this Prospectus. Official Quotation, if granted, will commence as soon as practicable after the issue of holding statements to successful Applicants. If permission for quotation of the Shares is not granted within 3 months after the date of this Prospectus, all Application money will be returned without interest.

3.14 Use of Proceeds of the Offer

Amount Raised	$23,600,000
Net Acquisition Purchase Price Payments	$16,209,000*
Repayment of debt	$1,173,000
IPO Cash Costs	$1,580,000**
Net funds remaining for working capital from Initial Public Offering	$4,638,000

* Includes estimated Stock, NTA and other adjustments of $1,190,000 and is net of $4,937,000 cash acquired as part of the acquisition transactions.

** $300,000 of IPO costs have been paid prior to the issue of this Prospectus.

The Directors are of the opinion that on completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives.

3.15 Restricted Securities and Escrow Arrangements

ASX may, as a condition of granting the Company's application for Official Quotation of its Shares, classify certain of the Company's Existing Shares as restricted securities. Any such classification will restrict the transfer of effective ownership or control of any restricted securities without the written consent of the ASX and for such period as the ASX may determine. The terms of any such restriction or escrow arrangements will be determined by the ASX in accordance with the ASX Listing Rules. Details of any such restriction or escrow arrangements will be disclosed prior to commencement of Official Quotation of the Company's Shares.

Without limiting any restrictions which may be imposed by the ASX, the holders of the Existing Shares enter into voluntary restriction agreements with Allomak under which they have agreed that they will:

- not dispose of or otherwise deal in or with any of the Existing Shares for 12 months after Listing;
- retain a minimum shareholding of at least 67% of the Existing Shares they will own after the completion of the Offer until 18 months after Listing; and
- retain a minimum shareholding of at least 33% of the Existing Shares they will own after the completion of the Offer until 24 months after Listing.

The Existing Shares may only be disposed of if, in certain circumstances, a takeover offer is made to acquire all of the Shares or there is a merger by way of scheme of arrangement.

In addition, the Vendors (in respect of Shares already allotted) have entered into voluntary restriction agreements with Allomak under which they may not dispose or otherwise deal in or with any of their Shares until 24 months after Listing. Likewise as a condition of completion those Vendors to receive Shares on completion of their Acquisitions are also to enter into voluntary restriction agreements on the same terms.

This means that the only Shares that can be traded for the first 12 months after Listing are the New Shares issued under this Prospectus.

3.16 CHESS

The Company will apply to be admitted to participate in CHESS, in accordance with the ASX Listing Rules and the Securities Clearing House (SCH) Business Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of Shares.

The Company will not issue certificates to Shareholders. Shareholders who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement), which sets out the number of Shares allotted to the Shareholder under this Prospectus. For Shareholders who elect to hold the Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of Shares allotted to the Shareholder under this Prospectus. At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide Shareholders with a holding statement that confirms the number of Shares held.

A holding statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number in the case of a holding on the CHESS sub-register or Shareholder Reference Number in the case of a holding in the issuer-sponsored sub-register. Following distribution of these initial holding statements to all Shareholders, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of Shares changes.

3.17 Forward Looking Statements

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed in this Prospectus. Risk factors are outlined in Section 9.

3.18 Enquiries

This Prospectus provides information for potential investors in Allomak and should be read in its entirety. If after reading this Prospectus, you have any questions about any aspect of an investment in Allomak, please contact your stockbroker, accountant or independent financial adviser.

On a pro-forma basis the Gross Margin for the Allomak group has been and is expected to continue to be approximately 50%

Allomak focuses on the wholesale component of the Automotive Aftercare market servicing workshops, smash repair shops, automotive dealers and auto parts retailers.
The Automotive Aftercare market operates largely independently of the new car and original equipment manufacturers and is characterised by:

- **good Gross Margins compared to the OEM sector; and**
- **agile supply chain planning and inventory management.**

S4 The Business

4.1 History and Overview

Allomak was established in April 2005 for the purpose of acquiring, operating and developing complementary businesses in the Automotive Aftercare market. The Automotive Aftercare market was identified by Allomak's founders as an attractive industry as it is characterised by:

- what Allomak believes to be healthy margins; and
- solid growth (please refer to Section 5 of the Prospectus for more detail on the Automotive Aftercare industry).

Allomak's founders conducted a detailed analysis of the Automotive Aftercare market and identified that there was an opportunity to aggregate players in individual niches in this industry. Allomak has acquired, or has contracted to acquire in conjunction with this initial public offering, five businesses as the launch platform for the growth of the Allomak group:

- Autolac;
- Barjo Manufacturing;
- Dyno Dynamics;
- ECB; and
- Fluidrive.

The acquisition of Barjo Manufacturing was completed in November 2005 and Dyno Dynamics in May 2006. Autolac, ECB and Fluidrive will be acquired immediately prior to Listing. These latter four Acquisition agreements and the planned continued employment arrangements have been carefully structured to provide incentives to each of the original business operators moving forward, including:

- Deferred payments;
- Earn out provisions, whereby deferred purchase price payments are directly linked to earnings achieved in future years; and
- Equity issued as part of the purchase price.

Each of these businesses has been operating for over 20 years with established market share within their respective niches in the Automotive Aftercare industry. The long and successful histories of each of Allomak's businesses means that Allomak has franking credits immediately available which in turn allows the Company to project an attractive first year fully franked dividend of 3.2 cents per share for FY07 (yield of 8.00% based on the Offer Price, while for the period from Listing until 30 June 2007 representing an Annualised Yield of circa 9.4%).

Allomak's objective moving forward is to not only provide a solid earnings stream, but to also deliver good capital growth. Allomak intends to deliver organic growth and create value by:

- providing centrally coordinated finance and administration systems to reduce overhead costs;
- extending customer relationships and business opportunities across the wider Allomak group; and
- implementing operational efficiencies and productivity improvements.

In addition, Allomak plans to position itself to continue to acquire profitable businesses within the Automotive Aftercare industry. The Automotive Aftercare market is a fragmented industry, primarily made up of a number of locally owned and operated businesses. Allomak anticipates that the businesses it will target will predominantly be those undergoing 'generational change', that is, long-standing, profitable businesses being sold due to the retirement plans of their 'baby boomer' generation owners. There are more than half a million small business owners aged 50 years or more, representing one third of Australia's 1.6 million small business operators. As Australia's ageing business operators look to retire Allomak anticipates that there will be a growing number of willing sellers of profitable private businesses in the Automotive Aftercare market.

4.2 Allomak's Operating Companies

Each of Allomak's Operating Companies was selected because it had a:

- long track record of solid revenues;
- good reputation in the industry for quality, customer service and ethical dealings; and
- a strong position within a particular niche of the Automotive Aftercare market.

An overview of each Operating Company is set out in the table following.

Autolac

Established:	• Established in 1986 (20 years) and based in Sydney.
Overview:	• Autolac is a large distributor of automotive paint and smash repair consumables in Australia i.e. automotive paint, abrasives, polishing pads, masking tape, etc. - Preferred supplier status for Standox and Dupont products ('premium' range); and - Preferred supplier status for DeBeer and ChemSpec products ('mid-price' range). • Autolac has a large direct sales team with excellent relationships with both key suppliers and customers. • Paint sales are typically related to the installation of paint mixing machines at customer premises (smash repair shops / workshops). Once installed customers are obliged to buy Autolac replacement products.
Key Basis for Forecast Revenues:	• Forecast revenue is based on increasing the paint dispensers in the field from circa 210 to 270 (5 units per month). • Autolac being well positioned in the mid-price paint range (market dynamics showing high growth and demand for these products).
Additional Growth Potential:	• The current market for automotive paint is very fragmented, providing Autolac with significant growth opportunities via consolidation, particularly within regional locations. • Mid-price paint range sales anticipated to grow by 20% over the next two years. • Further growth is possible through diversification into other market segments (e.g. marine and industrial equipment and consumables).

DYNO DYNAMICS

Established:	• Established in 1985 (21 years) and based in Melbourne.
Overview:	• Dyno Dynamics (Dyno) designs and manufactures 'dynamometers' – mechanical instruments used to conduct comprehensive analysis of automobile performance. • Dyno has developed a premium chassis dynamometer that is frequently selected by prestige international and local customers in preference to its competitors. • Dyno is the market leader in Australia and the UK and has established USA, UK and Asian sales bases and a manufacturing base in the USA.
Key Basis for Forecast Revenues:	• Sales growth within Australia based on current order book and existing demand. • Product launch of the 2WD & 4WD digital chassis dynamometers providing significant opportunity for upgrade and recurring revenue streams. • On the ground expansion in offshore sales force has resulted in increased sales (USA, UK and Asia).
Additional Growth Potential:	• Significant growth prospects with strong and growing demand from the high performance automobile sector – particularly in USA, UK and Asia. • Product extensions, for example, brake testers, engine dynamometers and emission testing.

Fluidrive AUTOMATIC TRANSMISSIONS

Established:	• Established in 1963 (43 years) and based in Melbourne.
Overview:	• Fluidrive is a wholesale specialist in the remanufacturing of transmissions, servicing major car manufacturers for products under warranty and the dealer/workshop aftercare markets. • Fluidrive is the only accredited supplier to certain car manufacturers in Australia (holding QS 9000 / ISO 9001) which ensures it is the preferred supplier to key customers and results in significant barriers to market entry for competitors. • As a result of little direct competition, barriers to entry, turnkey operations and strong customer relationships, Fluidrive has been successful in doubling revenues over the past 4 years and translating that to healthy operating margins. • Fluidrive enjoys strong distribution into certain automotive dealers.
Key Basis for Forecast Revenues:	• Organic revenue growth of 15%: - Additional sales under additional customer contracts; and - Existing growth in demand (longer warranty periods, price pressure on new cars, etc).
Additional Growth Potential:	• Acquiring additional manufacturing contracts. • Focused sales push directly into wider auto dealership arena. • Possible product extension in remanufacturing other products, e.g. compressors and power steering. • Remanufacturing of out of warranty transmissions.

ECB EAST COAST BULLBARS Barjo

Established:	• ECB was established in 1974 (32 years) and is based in Brisbane. • Barjo was established in 1979 (27 years) and has been based in Wagga Wagga since 2004. • On completion of the IPO, Barjo's operations will be rolled under ECB management.
Overview:	• ECB manufactures and supplies auto protection equipment and is particularly recognised for the manufacture and sale of aftermarket aluminium bull bars. • ECB has 300 distributors nationwide and has delivered year on year growth in revenue of approximately 20% for the past 5 years. • Barjo is an established aluminium bull bar and accessories manufacturer and supplier to wholesale businesses, especially auto dealer groups. • Barjo has built a strong reputation for quality in the passenger vehicle, utility and truck markets.
Key Basis for Forecast Revenues:	• Organic growth forecast for the combined operations at a conservative 10% (vs. historical trend of 20%) driven by strength in new light utility vehicle purchases and affordability levels. • Direct synergies between the two businesses: - Barjo leverage off ECB distribution; and - Capture of customised bar sales by Barjo not previously followed up by ECB. • Natural product extensions currently in demand: - New heavy truck bars: a part of the market currently under-serviced; - Sports bar racks: a potential that ECB has identified and assessed for several years; and - Trade bar racks that ECB purchases from 3rd parties.
Additional Growth Potential:	• Growth potential within the export market, where ECB is already a favoured supplier. • Technological Advancements – introduction of plasma cutting equipment driving productivity. • Trend away from steel bull bars provides opportunity for increased market share.

4.3 Allomak Structure

Allomak's structure has been designed to deliver operational efficiencies and productivity improvements and to generate improved growth across the Allomak group. The key features of Allomak's structure are as follows:

- Operating Companies operate as separate business units, sharing certain common services;
- Each Operating Company services wholesale clients within the Automotive Aftercare market and has a solid market position within its respective niche; and
- Allomak provides strategic and corporate direction to each of the Operating Companies, with a particular focus on reinvigorating growth and securing cost efficiencies.

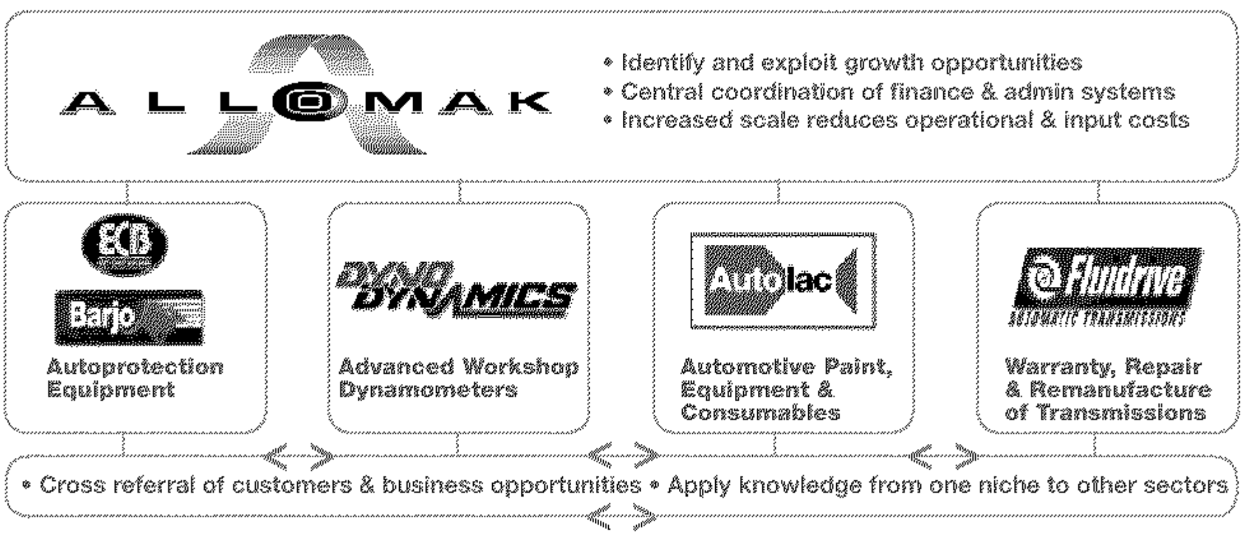


Figure 1. Overview of Allomak business model

The key benefits of this structure are anticipated to be:

- Reduction of overheads through the provision of centrally co-ordinated finance and administration systems;
- Increased market share through cross-referral of customer relationships and business opportunities amongst the Allomak group;
- Reduced operational and input costs driven by increased scale of operations; and
- Productivity improvements driven by improved marketing, sales and manufacturing processes.

4.4 Allomak's Operations

The Allomak Board believes that the growth potential within some of the Allomak businesses was often constrained by factors such as lifestyle choices of their owners or in some cases lack of management resources or capital. Allomak's experienced management team plans to unlock this latent potential, drive productivity improvements and actively identify growth opportunities for the Operating Companies.

Where appropriate, Allomak will standardise processes across the wider group to maximise efficiencies. Key areas of anticipated improvement include:

- Promoting cross-referral amongst Allomak Operating Companies; and
- Identifying and exploiting scale efficiencies.

Cross-referral amongst the Allomak Operating Companies

While each of Allomak's Operating Companies are focused on diverse niches within the Automotive Aftercare market, they all service the business-to-business (i.e. wholesale) sector of the aftercare market. The primary customer groups within the wholesale Automotive Aftercare market are:

- automotive workshops;
- automotive dealers; and
- smash repair shops;
- auto parts retailers.

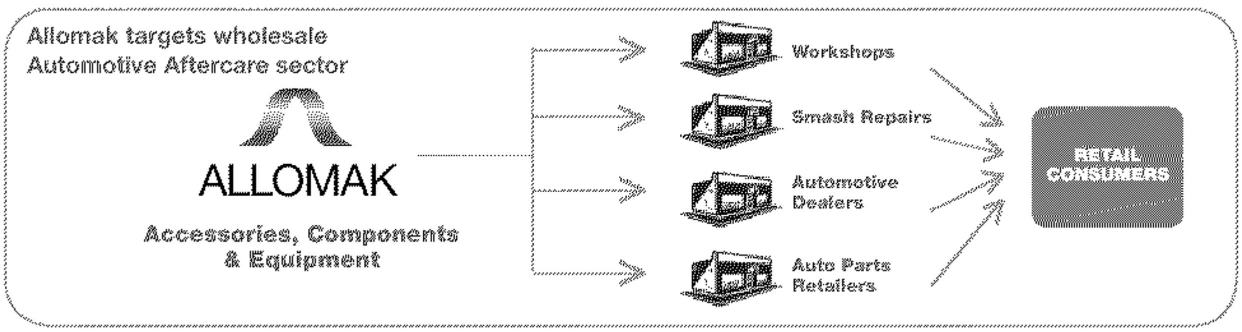


Figure 2. Overview of Allomak's wholesale customers

Allomak management will actively encourage customer cross-referral amongst the Allomak Operating Companies. It is envisaged that Operating Companies will work together to extend client relationships and business opportunities across the group. Further, Allomak can leverage off the shared experience of the Operating Companies to build competitive advantage, for example, by:

- applying knowledge gained in one sector of the wholesale market to other sectors;
- the early identification of trends, and an expedited response to evolving changes in customer preferences; and
- applying efficiencies learned from one Operating Company to the other Operating Companies.

A key component of the success of each of the Operating Companies has been its ability to secure a strong distribution position within its respective niche market. With a common addressable customer base, Allomak will have an opportunity to leverage distribution channels across the Operating Companies. This is anticipated to generate increases to each Operating Company's market share. Specific examples of sharing and expanding distribution channels across Operating Companies include:

- Fluidrive's major distribution channel is via automotive dealers. Fluidrive's dealer channel is of value to Dyno Dynamics which is just beginning to break into the same dealer network. Allomak will investigate joint sales representation.
- Autolac's prime distribution channel for its paints and automotive workshop consumables is via its direct sales force into smash repairs shops. ECB and Barjo currently have limited penetration into smash repair shops and could provide additional product to Autolac's direct sales force in the future.
- Dyno Dynamics' major distribution channel is via its direct sales force into small workshops. Dyno Dynamics customer relationships and database of small workshops is expected to assist sales by Autolac into this channel.

Scale Efficiencies

Allomak will combine the purchasing power and expertise of the Operating Companies to secure better prices for the group's inputs. Allomak has identified a number of key inputs where bulk purchasing is anticipated to result in a significant reduction in the group's input costs, for example:

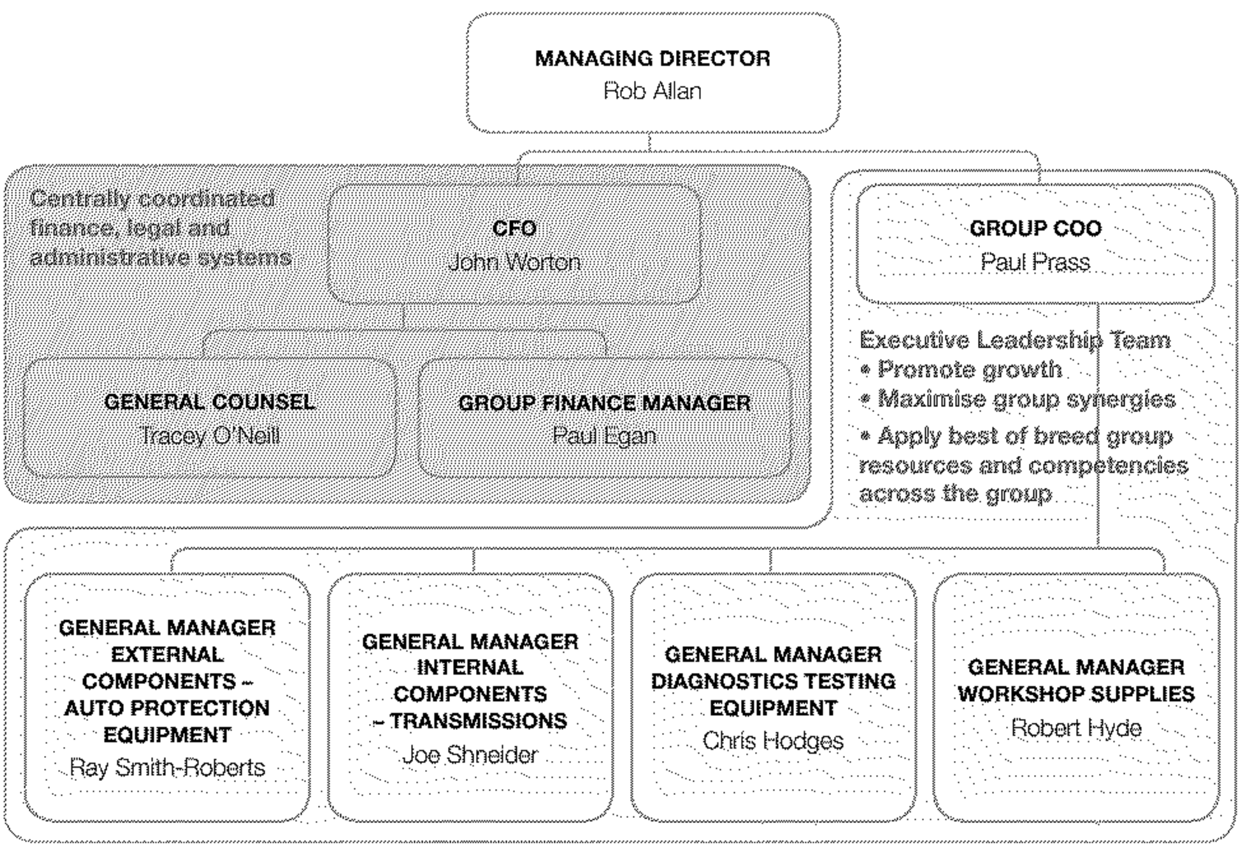
- Allomak's combined operations are expected to position the group as a significant purchaser of plate and tubular aluminium. This purchasing leverage will not only substantially reduce input costs but will also mean that product extension opportunities in other aluminium components will now be economic.
- Allomak will combine the warehousing and storage requirements of its Operating Companies across capital cities. This will increase warehousing utilisation and lower unit costs. In addition, warehouse facilities are now available to Operating Companies in areas where previously they could not be justified on a standalone cost basis. This will allow these Operating Companies to more effectively market to those locations and also improve inventory management and reduce delivery times.

- The cost of the group's vehicle fleet is expected to be reduced as Allomak secures preferential vehicle leasing rates.
- Group purchasing is expected to also lower communications costs and ensure better service levels (e.g. internet phones, web site design & maintenance, IT support, sales promotion).
- Group purchasing of both domestic and international freight will be coordinated, which is expected to attract more advantageous rates. Group volume also facilitates significant reduction in the purchase price of some other raw materials and supplies.

Executive Leadership Team

While the performance of each of the individual Operating Companies is important, Allomak management is focused on the group's performance and will implement systems and processes that promote assistance and teamwork amongst the Operating Companies. Since January 2006 Allomak has conducted periodic sessions with senior management of certain of the Operating Companies to work through operational issues, establish budgets and identify growth initiatives. Accordingly, the managers of the different businesses have already had an opportunity to plan specific initiatives, several of which have already been implemented. On completion of the IPO this practise will be formalised via the establishment of an executive leadership team.

Figure 3. Allomak organisational structure



ECB Barjo Fluidrive DYNO DYNAMICS Autolac

S5 Industry Analysis

5.1 Automotive Industry Structure

Australia has the third highest vehicle ownership rate in the world at over 600 vehicles per 1,000 people. There are over 13 million vehicles on Australian roads covering one of the most diverse ranges of brands and models in the world. The total domestic passenger motor vehicle market is approaching sales of 1 million vehicles a year and growing.

The automobile industry is engaged in the design, production, marketing, sale and ongoing service of motor vehicles. The industry is comprised of vehicle manufacturers, suppliers of component modules and parts, logistics services and software providers, repair and maintenance service companies, other ancillary service providers and distributors. The automobile industry can be broadly divided into two sectors:

1. **The Original equipment market** – which equates to approximately $25 billion of sales per annum; and
2. **The Automotive Aftercare market** – which equates to over $8 billion of sales per annum.

Allomak operates exclusively within the Automotive Aftercare market.

Original Equipment Sector

Original equipment refers to all of the parts and accessories that are supplied to the major vehicle manufacturers to be fitted on vehicles before they leave the factory and are sold for the first time. Original Equipment Manufacturers (OEMs) operate in an environment that is typically characterised by:

- high volume, repetitive manufacturing;
- low margins; and
- planned production schedules.

The original equipment market is dominated by large, international groups.

Automotive Aftercare Sector

Demand for Automotive Aftercare market accessories, repairs and servicing is largely independent of the OEM market sector. Whilst it is expected that major car manufacturers will continued to apply pressure on OEM component suppliers to reduce costs and margins, the Automotive Aftercare market, with its primarily different drivers of growth and margins, is expected to be far less impacted by this factor.

This sector encompasses all products and services purchased for vehicles after the original sale, including replacement parts, accessories, lubricants, appearance products and service repairs as well as the tools and equipment necessary to make the repair. The Automotive Aftercare market can be further segmented into:

- Parts;
- Services; and
- Resales.

The Automotive Aftercare market is typically characterised by:

- high value niche customer requirements;
- lower volumes and higher margins than the OEM market; and
- agile supply chain planning and inventory management to enable timely responses in a demand driven environment.

Factors influencing the strength of the automotive aftermarket include new cars sold, total number of cars on the road, consumer tastes, vehicle technical sophistication, length of manufacturer warranties, amongst many others.

Record sales of new vehicles has contributed to a 2.7% annual growth in the number of vehicles in use. This growth has resulted in an estimated 13 million passenger and light commercial vehicles currently on Australian roads.

5.2 Allomak targets the wholesale Automotive Aftercare market

Allomak focuses primarily on the business-to-business (i.e. wholesale) component of the Automotive Aftercare market sector. This strategy ensures that all of Allomak's Operating Companies are focused on the same customer groups, namely: automotive dealers; auto parts retailers; workshops; and smash repair shops.

On completion of the IPO, Allomak's Operating Companies will operate in several areas within the Automotive Aftercare market including: external vehicle accessories; remanufactured transmissions (currently conducting the majority of aftermarket warranty work around Australia for several of the major car makers); automotive testing equipment; and general workshop supply. All of Allomak's Operating Companies have a positive profile and reputation in their respective segments.

Figure 4 illustrates the two sectors of the automotive industry and the key customer areas comprising Allomak's position and focus within the overall industry.

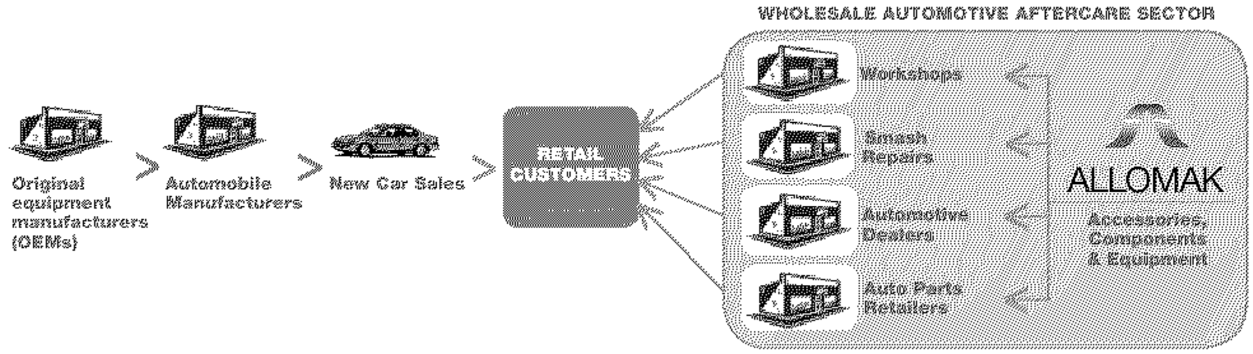
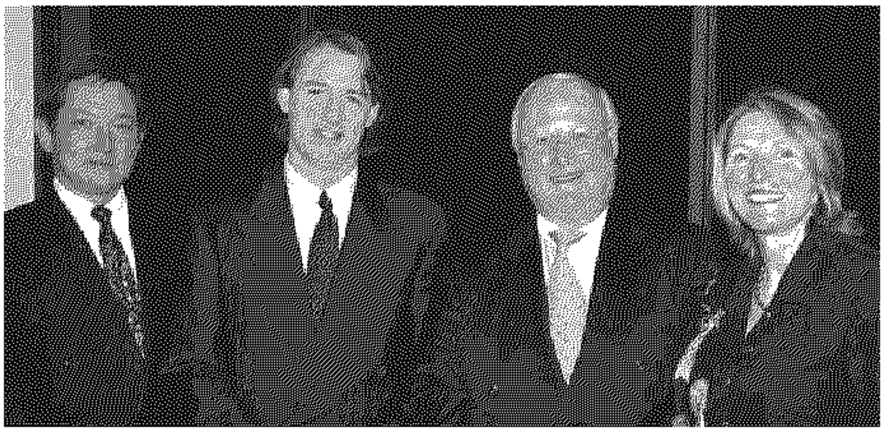


Figure 4. Overview of automotive industry chain

The Allomak board believes that it is well positioned to benefit from many of the factors influencing the Automotive Aftercare market, for example:

- An increase in the number of new cars on the road contributes to greater volume in Allomak's accessories business;
- The greater number of vehicles on the road is a factor in the number of motor vehicle accidents contributing to sales in Allomak's smash repair supply business;
- Longer warranty periods being offered by manufacturers contribute to the volume of work in Allomak's exclusive transmission remanufacture business;
- Growth in light and commercial utility vehicles contributes to greater sales in Allomak's traditional sector for bullbars and external accessories business; and
- Greater technical sophistication in the electronics and computer controllers of motor vehicles contributes to demand for diagnostic products such as those supplied by Allomak's dynamometer business.

S6 Board & Senior Management



The Board: Mr John Worton, Mr Robert Allan, Mr A. Anthony McLellan and Ms Wendy Simpson

6.1 Board of Directors

Mr A. Anthony McLellan
Chairman and Non-Executive Director
Age 65

Mr McLellan is a Director of Felix Resources Limited, and Chairman of Bemax Ltd and Norton Gold Fields Ltd. He was also previously the President and CEO of the predecessor of Barrick Gold, and President of LJ Hooker Corporation in America. Mr McLellan is currently also a director of The Menzies Research Centre.

Mr McLellan is active in social causes, holding the roles of Chairman of Habitat for Humanity Australia Incorporated, Director of Opportunity International Australia Limited and Vice Chairman of We Care America.

Mr Robert Allan
Managing Director
BSc, MBA, LLM Age 40

Mr Allan is the founder of Allomak Ltd and brings to the table a strong background in management consulting, venture capital, M&A and strategy.

Immediately prior to founding Allomak, Mr Allan was a partner in the Silicon Valley based venture capital and venture accelerator firm, EnterVentures. His venture capital experience also included time with The Anvil Group in New York and PoleStar, an early stage investment and advisory firm in Sydney.

Prior to starting his career in venture capital, Mr Allan worked with the international management consulting firm, McKinsey and Co., as well as Egon Zehnder International in both Sydney and Palo Alto, California. Mr Allan sits on the boards of a number of not-for-profit organisations including as Chairman of Bright Hope Australia.

Ms Wendy Simpson
Non-executive Director
FRMT, B.Soc Sci, Grad Dip Ed, B. Litt (Deakin), EMBA (AGSM), GAICD, Age 51

Ms Simpson is Chairman of Westray Engineering, Director of Alliance Tooling and previously a Director of Alcatel Australia. She was previously Foundation Director, Create Foundation (not-for-profit), Foundation Chairman, Australian Council of Businesswomen, and Foundation Director, International Women's Federation of Commerce and Industry. Ms Simpson has been a finalist twice in the Telstra Australian Businesswoman of the Year nominated by QBE and Alcatel and was recently a finalist in the Shanghai Businesswoman of the Year Awards in the Business leadership category.

Most recently, Ms Simpson has been the Executive Director and Chief Representative of the Victorian Government at its North Asian Regional Headquarters in Shanghai encompassing Hong Kong, China, Taiwan, Japan and Korea. In this role she was responsible for the creation of investment attraction and export facilitation teams with broad industry coverage including healthcare/ biotech, tertiary services and automotive, architecture and engineering projects.

Ms Simpson's prior employment history includes roles as the Senior Vice President for Alcatel, Asia Pacific, and General Manager of TNT International.

Mr John Worton,
Chief Financial Officer and Executive Director
BA (Honours), ACIS, ACIM, FAICD Age 45

Mr Worton is an experienced general manager and company director with extensive international experience in private equity as both investor and investee since 1995. A United Kingdom qualified chartered accountant, Mr Worton has extensive operational experience serving as a growth focused CFO with several companies, including OzEmail and a Qantas group associated company.

Mr Worton was previously selected as one of five finalists for the national award of the Australian Financial Review/ CPA Young Business Achiever of the Year.

Immediately prior to joining Allomak, Mr Worton was engaged as the Chief Financial Officer for the not-for-profit Opportunity International Australia Limited, where he was a key member of the management team responsible for changing the culture, systems and drivers of the organization to be more performance oriented.

6.2 Senior Management

GROUP SUPPORT EXECUTIVES:

Mr Paul Prass
Group Chief Operating Officer
BSc, MBA

Mr Prass is a general manager with a performance oriented reputation and over 20 years international experience, initially with Caltex, where he moved through senior manufacturing & logistics, strategic planning, sales and marketing.

Immediately prior to joining Allomak in September 2005, Mr Prass was CEO of the resources company, GTL Energy.

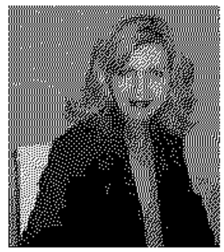
Mr Prass's employment history includes leading Caltex' refining and marketing businesses in Japan, head of Caltex' worldwide corporate strategic planning division in the USA and General Manager of its lubricant business in Australia. Mr Prass has also led start-up companies within the NRMA/RACV and as a business consultant worked with Brambles, Freedom Furniture, Kodak and CSL Pharmaceuticals on business performance improvement projects.

Mr Paul Egan
Group Finance Manager
B.Comm, CA

Mr Egan is a Chartered Accountant with extensive experience in many areas including financial management, company due diligence, acquisition, administration and IT systems development. His employment experience encompasses the accountancy profession, and the transport, manufacturing, media and finance industries.

Immediately prior to joining Allomak in April 2006, Mr Egan was a senior executive within a boutique accounting and business advisory practice.

Mr Egan has worked in the United Kingdom and Asia establishing various business operations, including finance and management systems for an international freight operation, financial services and an internet start-up operation in Hong Kong, Singapore and China. His employment history with domestic and international groups includes Deloitte Haskins & Sells (now Deloittes), Ferrier Hodgson, TNT Australia, TNT Skypak (now TNT International) and Reed Business Publishing.



Ms Tracey O'Neill
Company Secretary and General Counsel
LLB

Ms O'Neill has been practising law since 1992 and is admitted to the Supreme Court of NSW and The High Court of Australia.

Prior to Allomak, Ms O'Neill was a founding partner in a commercial law firm in the Sydney CBD and since 2001 has been the principal of a small commercial firm located in Martin Place, Sydney. Traditionally, Ms O'Neill has advised a diverse client base including large private companies and small to medium public companies at both a board and an executive level. She has also advised a large executive private client base.

Ms O'Neill's experience has been centred around business structuring and Acquisitions trust law, commercial litigation, general corporate governance, commercial property including Acquisitions, leasing and property development.

OPERATIONS COMPANY EXECUTIVES:

Mr Chris Hodges
General Manager – Diagnostics

From a background that includes mining gold in Kalgoorlie, driving semi trailers, piloting commercial charter flights and sales of technical workshop equipment, Mr Hodges founded an auto mechanics business with a partner in Melbourne in 1972. After subsequently buying out this partner and successfully growing the business, it was sold some ten years later prior to co-founding Dyno Dynamics with Mr Peter Humphris in 1985.

Mr Hodges achieved a number of significant Research and Development milestones within Dyno Dynamics including the design and manufacture of:

- the core chassis dynamometer;
- a pair of mobile, self contained engine dynamometer cells for the RAAF;
- a submarine engine dynamometer for the Materials Research Laboratories;
- what is believed to be the world's first computerised workshop chassis dynamometer; and
- what is believed to be the world's first four wheel drive workshop chassis dynamometer.

Mr Peter Humphris
Diagnostics Engineering Manager

Technical qualifications: Certificates in Fitting & Machining, Drafting, Jig & Tool Design and Toolmaking.

After four successive 'Apprentice of the Year' awards with Repco, Mr Humphris began working with Mr Hodges prior to co-founding Dyno Dynamics in 1985. Mr Humphris has been responsible for the design and manufacture of all mechanical components for the company's products. His key achievements include:

- the development of what is believed to be the world's first adjustable bed length 4WD chassis dynamometer;
- the development of a 'Kinetic Roadsense' dynamometer for a virtual reality driver training and race simulation system about to go into full commercial release; and
- the end-to-end design and commissioning of a number of comprehensive test system facilities, including the refurbishment and major upgrade of water cooled engine dynamometers for a leading transmission manufacturer.

Mr Robert Hyde
General Manager – Workshop Consumables

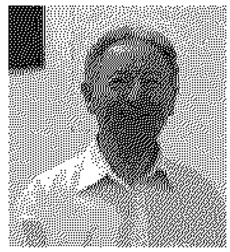
Chartered Accountant

After leaving the army as a Commissioned Officer with the rank of Captain in charge of a tank squadron, Mr Hyde qualified as a Chartered Accountant. He was Joint Managing Director of The Plastotia Group of Companies from 1973 to 1986, which were leading manufacturers and distributors of domestic paints for hardware shops and painting Contractors.

Shortly after immigrating to Australia in 1986, Mr Hyde established Autolac Pty Ltd. Since that time he has grown the company both organically and through acquisition to become the leading automotive paint supplier in New South Wales. Innovations in sales and marketing which have assisted in driving growth include:

- the introduction of in-house 'Technical Demonstrator Support' for customers and
- effective market segmentation. This led to the launch of different automotive paint ranges to differentiate premium from value-for-money smash repair workshops.

Being a keen golfer, Mr Hyde was also Chairman of Wingate Park Golf Club, South Africa.



Mr Joe Shneider
General Manager - Internal Components

Mr Shneider is an experienced business operator who built the business of Fluidrive out of his auto mechanic business over 40 years ago.

With a particular skill in process manufacturing, Mr Shneider obtained the only QS9000 certification outside of North America to "re-manufacture" General Motors Powertrain automotive transmissions.

Mr Shneider is a trusted industry insider who holds multiple trade and other certifications. He has represented the industry by being a Trustee/Director Of the Motor Trades Association of Australia Superannuation Fund (1990-2002); Past President and now Life Member of the Victorian Automobile Chamber of Commerce; and past Chairman of various bodies including Automotive Training Australia. Currently he is Chairman of the Victorian Automotive Training Board and the Victorian Repair, Service and Retail Training Advisory Council.

Mr Ray Smith-Roberts
General Manager – External Components
BBus

Mr Smith-Roberts has been with ECB for 11 years, fulfilling the role of General Manager for the past 8 years. He is a solid operations executive with first hand experience across Operations Management, Manufacturing and Sales & Marketing.

Mr Smith-Roberts has been and is involved in numerous industry associations including serving as a member of the Australian Standards Committee for bull bars, and as a board member and director of the Australian Technical College North Brisbane. He has expertise, skills and proficiency in product and market development, including the establishment and development of export markets, the development and management of effective relationships and business partnerships, and manufacturing management experience with demonstrated organisational skills and an ability to consistently achieve budgets in highly competitive environments.

S7 Financial Information

7.1 Introduction

Allomak was established in April 2005 for the purpose of acquiring and growing the businesses of Barjo Manufacturing (assets of Six Degrees Holding Pty Ltd), Stor Pty Ltd trading as Dyno Dynamics, Autolac Pty Ltd, ECB Pty Ltd and Fluidrive (assets of Fluidrive Automotive Technologies Pty Ltd). For the history of these transactions refer to Section 4.1. Allomak had no other business prior to that date.

Please note that the financial information in this Section has been prepared on a pro-forma consolidated basis as if Allomak had completed the Acquisitions of Barjo Manufacturing, Dyno Dynamics, ECB, Autolac and Fluidrive as at 1 July 2003 (in the case of the income statements of the Allomak group) and 31 December 2005 (in the case of the balance sheet of the Allomak group).

This Section contains:

- normalised historical income statements for the year ending 30 June 2004;
- normalised historical income statements for the year ending 30 June 2005;
- normalised historical income information, by way of note, for the 6 months ending 31 December 2005;
- pro-forma forecast income statements for the year ending 30 June 2006;
- pro-forma forecast income statements for the year ending 30 June 2007;
- aggregated balance sheet as at 31 December 2005; and
- pro-forma balance sheet as at 31 December 2005.

All information presented in this Section must be read in conjunction with:

- Directors' general and best estimate assumptions outlined in Section 7.6, and the sensitivity analysis outlined in Section 7.7;
- the risk factors in Section 9; and
- the investigating accountant's report on the historical financial information and on the Directors' financial forecasts set out in Section 8.

7.2 Financial Performance

A summary of the normalised pro-forma historical income statements for the financial years ending 30 June 2004 and 2005 and the pro-forma forecast income statements for the years ending 30 June 2006 and 2007 is shown below.

Allomak Limited Pro-forma Income Statements

	FY2004 $'000	FY2005 $'000	Forecast FY2006 $'000	Forecast FY2007 $'000
Sales Revenue	25,888	27,284	28,483	34,840
Normalised EBITDA	3,716	3,800	4,170	6,595
Depreciation	434	456	565	744
Normalised EBIT	3,282	3,344	3,605	5,851
Borrowing Costs				150
Profit from ordinary activities before income tax expense				**5,701**
Income tax expense relating to ordinary activities				1,520
Profit from ordinary activities after related income tax expense				**4,181**

Note: The historical financial performance has not been extended beyond Normalised EBIT as the borrowings will change under Allomak's financing structure.

The sales revenue for the six months ended 31 December 2005 totalled $14.348 million, with a normalised EBITDA of $2.130 million. Depreciation was $0.289 million, resulting in a normalised EBIT of $1.841 million for the 6 months ended 31 December 2005.

Segment Reporting

Allomak operates in one industry segment being the Automotive Aftercare market. The normalised sales revenue figures shown above are from the following geographical locations:

Location	FY2004 $'000	FY2005 $'000	Forecast FY2006 $'000	Forecast FY2007 $'000
Australia	24,980	24,537	25,136	29,210
USA	788	1,354	1,215	1,747
UK	0	1,171	1,047	2,626
Other	120	222	1,085	1,257
Total	25,888	27,284	28,483	34,840

7.3 Basis of Preparation of Historical Financial Performance

A summary of pro-forma normalised income statements for the financial years ending 30 June 2004 and 2005 is shown above as if each of the Operating Companies had been part of the Allomak group during the relevant period.

The pro-forma historical income statements are calculated by an addition of the results of the individual elements of the Operating Companies which have been or are to be acquired, after elimination of inter company transactions. No addition has been made to the historical results for the anticipated increased costs of a listed entity but these listed public company estimated costs are incorporated in the forecast income statement for the year ended 30 June 2007.

The normalised pro-forma income statements are based upon accounts that have been subject to an independent accounting due diligence review of the accounts of each of the respective businesses by PKF Corporate Advisory Services (NSW) Pty Ltd ("PKFCA"). The due diligence reports raised no issues other than as disclosed in this Prospectus. As all Operating Companies acquired or to be acquired were private entities no audits were required at the time of preparation of their original financial information upon which the normalised pro-forma income statements were based.

The pro-forma historical income statements have not been extended beyond normalised EBIT as the borrowings will change under Allomak's financing structure.

7.4 Basis of Preparation of Forecast Financial Information

For accounting purposes, the effective date of the commencement of Allomak in the form described in this Prospectus is 1 July 2006, although the Acquisitions are not expected to be completed until between 14 and 28 August 2006. Any dividends paid in respect of the year ending 30 June 2007 will therefore be calculated on profits earned by the Operating Companies from 1 July 2006.

The forecast financial information comprises:

- The pro-forma financial forecast for the year ending 30 June 2006 which sets out the forecast for Allomak and the Operating Companies being acquired on the basis that the Acquisitions had taken place on 1 July 2005; and
- The pro-forma financial forecast for the year ending 30 June 2007.

The forecast period therefore covers the period to 30 June 2007.

The Directors of Allomak are responsible for the preparation and presentation of the financial information, including the assumptions on which the forecast financial information is based and the sensitivity analysis of the forecast financial information to changes in key assumptions.

The pro-forma forecast income statements for the year ending 30 June 2006 comprises the aggregated reviewed results of the Operating Companies being acquired for the six months to 31 December 2005, together with the actual management results for the three months to 31 March 2006 and the forecast results for the 3 months to 30 June 2006.

The pro-forma forecast income statements for the year ending 30 June 2006 are based upon actual management results to 31 March 2006, current contracts in place, work already in hand and the estimated operational performance that can be generated from the businesses being acquired on a going concern basis.

The forecast pro-forma income statements for the year ending 30 June 2007 are based upon current contracts in place and work already in hand, the estimated operational performance that can be generated from the businesses being acquired on a going concern basis, and the Directors' assessment of the present economic and operating conditions and on a number of assumptions regarding future events and actions, which, at the date at which the forecasts were adopted, the Directors reasonably expect to take place. As discussed further below and elsewhere in this Section and Section 9, these assumptions regarding events or actions are subject to uncertainty and there can be no guarantee or assurance that they will occur or that the forecasts will be achieved. Actual results therefore are likely to differ from the forecasts and these differences may be material. Accordingly, the Directors cannot and do not guarantee that the forecasts will be achieved.

The financial forecasts are based upon the proposed Allomak structure as described in this Prospectus. No addition has been made for potential Acquisitions or for additional expected economies of scale arising from such Acquisitions. The anticipated increased cost structure from the change to a listed public company has been fully accounted for in the forecast for the year ending 30 June 2007.

At the date of this Prospectus, there have not been any events of a material nature or any material change in the business operations that may impact on the Directors' pro-forma financial forecast for the year ending 30 June 2006 and the forecast for the year ending 30 June 2007.

The forecasts should be read in conjunction with the general and best estimate general assumptions underlying the forecast financial information set out in Section 7.6, the sensitivity analysis set out in Section 7.7, the Risk Factors in Section 9, the Investigating Accountants' Report set out in Section 8 and other information contained in this Section and the Prospectus.

Analysis of increase in revenues and EBIT earnings between FY2006 and FY2007

The increase in forecast revenues and the EBIT of Allomak between the year ending 30 June 2006 and the year ending 30 June 2007 arise from a number of forecast assumptions which include the following:

- Organic increase in sales across all divisions;
- Rationalisation of operating expenses from those based on current labour and operating structures;
- Extension of protection products by ECB Pty Ltd into areas previously under-serviced such as customised bars, heavy truck bars, sports and trade bars;
- Improved sales arising from integration of Barjo and ECB operations and ability to specialise and cross reference sales leads to respective company's strengths;
- Improved productivity from capital investment and higher capacity equipment being acquired for the combined Barjo and ECB operations;
- Improved margins from greater scale and cost savings related to integrated Barjo and ECB operations;
- Growth of Dyno Dynamics general sales in the Australian and International markets as a result of the release of digital dynamometer product;
- Increasing growth of Dyno Dynamics sales in the high performance markets building on success and reference sites with existing customers in these markets;
- Increase in existing Dyno Dynamics USA and UK sales resulting from full year presence of sales representatives, replacement of existing representatives and appointment of additional sales representatives;
- Expansion of Fluidrive operations in the area of servicing out-of-warranty transmissions;
- Recovery of Autolac revenues following stabilisation of conditions in the smash repair industry;
- Autolac market penetration increase based on the distribution agreement and customers' substitution of mid-priced paint brand for premium price brand; and
- Additional corporate expenses incurred as a result of operating Allomak as a publicly listed entity.

Set out on the page 30 is a summary of the impact of the above significant forecast assumptions to the increase in forecast revenues and earnings of Allomak between FY2006 and FY2007:

Key contributors to forecast revenues and earnings in FY2007

	Forecast Impact On: Revenue $'000	EBIT $'000
Increase from Dyno:	**2,930**	**969**

Key contributors to Dyno's forecasted improved revenues and earnings include:

- growth in national sales driven by the recent introduction of the digital dynamometer product, in development for 4 years and launched in May 2006;
- offshore growth resulting from the full year presence of its US and UK based sales representatives;
- improved margins due to its US assembly plant; and
- reduction of expenses based on the new operating structure.

Increase from Fluidrive:	**597**	**592**

Key contributors to Fluidrive's forecasted improved revenues and earnings include:

- expansion of Fluidrive's operations to include more of out-of warranty transmissions on behalf of additional car manufacturers;
- organic growth; and
- reduction of expenses based on the new operating structure.

Increase from Autolac:	**559**	**622**

Key contributors to Autolac's forecasted improved revenues and earnings include:

- growth in sales resulting from improved market conditions following the resolution of an industry disruption (Autolac's sales run rate in 2006 has significantly exceeded the forecast organic growth);
- expanded promotion and distribution of its mid-priced paint range;
- improved gross margins on base revenues; and
- reduction of expenses based on the new operating structure.

Increase from ECB (incl. Barjo):	**2,271**	**1,159**

Key contributors to ECB's forecasted improved revenues and earnings include:

- growth in sales resulting from the introduction of four new or expanded product lines (customised bars, heavy truck bars, sports bars and trade bars);
- improved margins resulting from the introduction of plasma cutting technology;
- additional 'custom built' sales resulting from the integration of Barjo's operations with ECB's customer base; and
- reduction of expenses based on the new operating structure.

Total Increase	**6,357**	**2,246**

Note: Impact on EBIT shown on the basis that all operating costs are fixed in nature.

Pro-forma forecast cash flow summary for the year ending 30 June 2007

	Pro-forma forecast for the year ending 30 June 2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	34,514
Payments to suppliers and employees	(28,206)
Interest received	284
Borrowing costs	(435)
Income tax paid	(878)
Net cash provided by operating activities	**5,279**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from repayment of vendor loans	1,718
Purchase of property, plant and equipment	(1,080)
Purchase of investments	(20,495)
Net cash used in investing activities	**(19,857)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from the issue of shares	21,720
Proceeds from borrowings	1,000
Repayment of borrowings	(1,981)
Dividends paid by parent company	(1,054)
Net cash provided by financing activities	**19,685**
Net increase in cash held	5,107
Projected cash at beginning of year	5,128
Projected cash at end of year	**10,235**

7.5 Balance Sheet

The aggregated balance sheet of the Allomak group reflects the aggregated balance sheets of the Operating Companies as at 31 December 2005 as they existed prior to the Acquisitions mentioned in this Prospectus in Section 11.3.

The Pro-forma Balance Sheet for Allomak as at 31 December 2005 has been prepared on the basis that the transactions in Note 2 had taken place as at 31 December 2005.

Allomak Limited Balance Sheets

	Note	Aggregated 31 December 2005 $'000	Pro-forma 31 December 2005 $'000
Current Assets			
Cash and cash equivalents	3	4,126	6,487
Trade receivables	4	2,512	2,512
Other Receivables	5	1,859	54
Inventories	6	4,739	4,739
Total Current Assets		**13,236**	**13,792**
Property, Plant and Equipment	7	4,260	4,260
Less: accumulated depreciation	7	1,745	1,745
		2,515	2,515
Intangible assets	8	384	21,247
Deferred tax assets		93	543
Total Assets		**16,228**	**38,097**
LIABILITIES			
Trade and other payables	9	2,083	5,435
Borrowings	10	2,866	3,568
Provisions	11	389	389
Current tax liability		425	425
Total current Liabilities		5,763	9,817
Payables	9	-	1,391
Borrowings	10	2,206	2,206
Provisions	11	279	279
Total non-current liabilities		**2,485**	**3,876**
Total Liabilities		**8,248**	**13,693**
NET ASSETS		**7,980**	**24,404**
EQUITY			
Issued Capital	12		24,812
Options Reserve			85
Retained Profits (Losses)			(493)
Total Equity			**24,404**

The balance sheets should be read in conjunction with the accompanying notes.

Notes to and forming part of the Allomak Balance Sheets

Note 1: Significant Accounting Policies

The financial information has been prepared in accordance with the measurement and recognition criteria, but not all of the disclosure requirements, of Australian Accounting Standards and Urgent Issues Group. In the view of Allomak, the omitted disclosures would provide no more relevant information to a potential investor in Allomak.

Australian Accounting Standards includes Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information complies with International Financial Reporting Standards.

(a) BASIS OF PREPARATION

The financial information has been prepared on the basis of historical cost, with cost being based on the fair values of the consideration given in exchange for assets.

In the application of AIFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments.

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

(b) PRINCIPLES OF AGGREGATION AND COMPILATION

Although not all of the businesses in the Operating Companies were owned by Allomak during the reporting period and therefore Allomak did not constitute an economic entity for either Corporations Act or financial reporting purposes, the historical results of the entities have been compiled as if that economic entity, being the Allomak group, had been in existence for the entire reporting period.

The aggregated balance sheet of the Allomak group reflects the aggregated balance sheets of each member of the Allomak group as at 31 December 2005 as they existed prior to the Acquisitions mentioned in section 11.3.

The pro-forma balance sheet reflects the financial position of Allomak as if Allomak had acquired all of the businesses in the Operating Companies on 31 December 2005 on the basis of the transactions stated in Note 2. As some of these transactions and events have not yet occurred, and in effect create an economic entity which did not exist at 31 December 2005, comparative information has not been presented.

The financial statements of the entities in the Allomak group were prepared for the same reporting period as Allomak, using consistent accounting policies. All intercompany balances and transactions have been eliminated in full.

(c) REVENUE RECOGNITION

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Government grants

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Allomak with no future related costs are recognised as income of the period in which it becomes receivable.

(d) SHARE-BASED PAYMENTS

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of Black Scholes model. The expected value used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, other risk factors and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(e) INCOME TAX

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising front differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets amid liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects. at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company and all its wholly-owned Australian resident entities intend to become a tax-consolidated group under Australian taxation law. Allomak Ltd is the head entity in the tax-consolidated group. Tax expense, tax income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members incurred prior to the formation of the tax-consolidated group are not recognised by the company (as head entity in the tax-consolidated group). Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members incurred following the formation of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

(f) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date. The resulting gains and losses are included in profit or loss from ordinary activities for the period.

(g) FINANCIAL ASSETS

Investments are recognised and derecognised on the trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, investments in subsidiaries are measured at cost.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', held-to maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(h) LOANS & RECEIVABLES

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(i) FINANCIAL INSTRUMENTS ISSUED BY ALLOMAK

Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(j) PLANT AND EQUIPMENT

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

• Fixtures & fittings	5 years
• Motor vehicles	5 years
• Plant & equipment	7 to 10 years
• Office furniture and equipment	5 years
• Leasehold improvements	5 years
• Equipment under finance lease	3 to 5 years

(k) LEASES

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Allomak as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and the reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Allomak as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(l) INTANGIBLE ASSETS

Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the profit or loss and is not subsequently reversed.

Patent, trademarks and licences

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment.

Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

(m) IMPAIRMENT OF ASSETS

At each reporting date, Allomak reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) INVENTORIES

Finished goods

Finished goods are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work in progress

The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of fixed and variable overheads. Fixed overheads are applied on the basis of normal operating capacity.

Raw materials

Raw materials are valued at cost.

(o) ACCOUNTS PAYABLE

Trade payables and other accounts payable are recognised when Allomak becomes obliged to make future payments resulting from the purchase of goods and services.

(p) BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(q) PROVISIONS

Provisions are recognised when Allomak has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is time best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products at the directors best estimate of the expenditure required to settle the liability.

(r) EMPLOYEE ENTITLEMENTS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated fixture cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

(s) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(t) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Note 2: Pro-forma Transactions

The Reviewed Pro-forma Consolidated Balance Sheet of Allomak as at 31 December 2005 has been prepared as if the following proposed transactions had taken place as at 31 December 2005:

- Allomak issued 2,349,941 ordinary Allomak shares for $191,000, being the conversion of interest payable on convertible notes not converted of $45,000 and new equity raised of $146,000, prior to Listing for the purpose of paying various Listing expenses, Vendor deposits and other working capital needs.
- Convertible loan notes of $325,000 are converted to equity, increasing the number of issued shares by 2,220,288 and contributed equity by $325,000.
- Convertible loan notes of $973,000 were not converted to equity. The interest on these notes was converted to equity as noted above. The unconverted notes of $973,000 are repayable from the proceeds of the IPO.
- On 27 May 2006 Allomak had a share split on the basis of 4 shares for each 3 shares held at that date. The additional shares issued as a result of the split were 4,543,285 ordinary shares. Of the shares split on this basis certain shareholders have not taken their full entitlement. The shares forgone total 1,330,123 shares. The amount of shares forgone, in whole or in part, may be subsequently issued to these shareholders on the basis detailed in Section 3.3 of this Prospectus.
- Since December 2005, Allomak has issued 14,120,000 options to Directors with various exercise prices ranging from $0.40 and $0.57. The terms of the options are referred to in Section 11.7. An additional 1,500,000 options with an exercise price of $0.40 and expiry of 3 years are to be issued to the underwriters at the time of the IPO (refer Note 13 and Section 11.4). The underwriters' options have a value of $85,000, which have been credited to an options reserve in the pro-forma balance sheet and added to the total of IPO expenses.
- Since 31 December 2005, Allomak has entered into loan agreements and a commercial bill facility with private lenders and a major financial institution for the provision of funds totalling $2,150,000. These funds have been used to complete the acquisition of the shares in Stor Pty Ltd and for working capital requirements of Allomak. Of these borrowings an amount of $200,000 including interest of $50,000 will be repaid on the completion of the IPO.
- In consideration for the acquisition by Allomak of all of the issued shares in Stor Pty Ltd (trading as Dyno Dynamics), Allomak issued 1,875,000 ordinary Allomak shares for $0.40 each to the vendors (plus a purchase adjustment of $5,219,000 to be paid in cash), giving a total consideration of $5,969,000 to the vendors. This consideration includes up to $2.5 million based on the estimated EBIT performance of Stor Pty Ltd in future years. Net tangible assets to be acquired are estimated at $2.780 million (including the identifiable development costs of $170,000), giving rise to goodwill on acquisition of $3.189 million.

  Note that the goodwill amount will vary depending upon actual tangible net assets acquired, adjustments to liabilities assumed, any associated costs incurred at completion and the actual EBIT calculation in future years. The price of the equity of $0.40 per share is based on the estimated five day volume weighted average share price ("VWAP") and will be adjusted to the actual VWAP following Listing.
- In consideration for the acquisition by Allomak of shares in ECB Pty Ltd, Allomak will issue 3,750,000 ordinary Allomak shares of $0.40 each to the vendors (plus a purchase adjustment of $17.6 million to be paid in cash), giving a total consideration of $19.1 million to the vendors. The price of the equity of $0.40 per share is based on the initial public offering price and will be adjusted to the five day volume weighted average share price ("VWAP") following listing. See Section 3.3. Net tangible assets to be acquired and included in the above payment figure are estimated at $6.3 million, giving rise to goodwill on acquisition of $12.8 million. Note that the goodwill amount will vary depending upon actual tangible net assets acquired, adjustments to liabilities assumed, and any associated costs incurred at completion.
- In consideration for the acquisition by Allomak of certain business assets from the Fluidrive Automotive Technologies Pty Ltd businesses, Allomak will issue 650,000 ordinary Allomak shares of $0.40 each to the vendors (plus $2.7 million to be paid in cash), giving a total consideration of $2.9 million to the vendors. The price of the equity of $0.40 per share is based on the initial public offering price and will be adjusted to the five day volume weighted average share price ("VWAP") following listing. See Section 3.3. This consideration includes up to $0.3 million to be paid based on the estimated EBIT performance of former business of Fluidrive Automotive Technologies Pty Ltd in future years. Net tangible assets to be acquired are estimated at $1.0 million, giving rise to goodwill on acquisition of $1.9 million.

  Note that the goodwill amount will vary depending upon actual tangible net assets acquired, adjustments to liabilities assumed, any associated costs incurred at completion and the actual EBIT calculation in future years.
- In consideration for the acquisition by Allomak of shares in Autolac Pty Ltd, Allomak will issue 375,000 ordinary Allomak shares of $0.40 each to the vendors (plus $1.45 million to be paid in cash), giving a total consideration of $1.6 million to the vendors. The price

of the equity of $0.40 per share is based on the initial public offering price and will be adjusted to the five day volume weighted average share price ("VWAP") following listing. See Section 3.3. This consideration includes up to $1 million to be paid based on the estimated EBIT performance of Autolac Pty Ltd in future years. Net tangible liabilities to be acquired are estimated at $1.1 million, giving rise to goodwill on acquisition of $2.7 million.

Note that the goodwill amount will vary depending upon actual tangible net assets acquired, adjustments to liabilities assumed, any associated costs incurred at completion and the actual EBIT calculation in future years.

- Up to 31 December 2005, Allomak has incurred expenses totaling $87,000 in legal and accounting fees relating to the various Acquisitions and this amount has been applied to the cost of the Acquisitions and gives rise to additional goodwill on acquisition.
- In accordance with the Offer outlined in the Prospectus, Allomak will issue 59,000,000 shares at $0.40 each to raise $23.6 million. The Offer is fully underwritten by Patersons Securities Ltd and Foster Stockbroking Pty Ltd. The pro-forma balance sheet has been prepared on this basis.
- Cash expenses associated with the Offer total $1,880,000, with the additional non-cash cost of the options granted to the underwriters of $85,000 giving a total IPO cost of $1,965,000, which has been charged against equity and reflected in the pro-forma balance sheet. The cost of the IPO gives rise to a Deferred Tax asset of $450,000 which has been reflected in the proforma balance sheet.
- Net loans owed by Vendors of certain companies being acquired on listing of $1,718,000 are repaid to Allomak prior to or following the listing.

Note 3: Cash and Cash Equivalents

Allomak Limited	Aggregated 31 December 2005 $'000	Pro-forma 31 December 2005 $'000
Cash at bank	4,116	4,116
Petty cash and deposits	10	10
Funds raised prior to IPO	-	191
Loan funds received	-	2,150
Costs of business Acquisitions	-	(22,245)
Funds raised from IPO	-	23,600
Costs of IPO	-	(1,880)
Repayment from vendor loans	-	1,718
Repayment of Loans and Convertible Notes		(1,173)
Total cash and cash equivalents	4,126	6,487

Note 4: Trade Receivables

Trade debtors	2,553	2,553
Less: provision for doubtful debts	(41)	(41)
Total receivables	**2,512**	**2,512**

Note 5: Other Receivables

Allomak Limited	Aggregated 31 December 2005 $'000	Pro-forma 31 December 2005 $'000
Receivables from vendors	1,718	-
Prepayments and other debtors	54	54
Prepaid acquisition costs	87	-
Total other receivables	1,859	54

Note 6: Inventories

Raw materials – at cost	491	491
Work in progress – at cost	1,032	1,032
Finished goods – at cost	3,216	3,216
Total inventories	4,739	4,739

Note 7: Property, Plant and Equipment

Plant & Equipment – at cost	2,152	2,152
Accumulated depreciation	(619)	(619)
Motor Vehicles – at cost	449	449
Accumulated depreciation	(289)	(289)
Office Furniture & Equipment – at cost	508	508
Accumulated depreciation	(361)	(361)
Fixtures & Fittings – at cost	638	638
Accumulated depreciation	(359)	(359)
Leased assets – at cost	513	513
Accumulated depreciation	(117)	(117)
Total Property, Plant and Equipment	**2,515**	**2,515**

Note 8: Intangibles

Allomak Limited	Aggregated 31 December 2005 $'000	Pro-forma 31 December 2005 $'000
Goodwill on acquisition	184	21,047
Capitalised development costs	170	170
Trademarks	30	30
Total intangibles	**384**	**21,247**

Note 9: Trade and other payables

Current		
Trade creditors	1,533	1,533
Other creditors	364	364
Income in advance	109	109
GST liability	77	77
Deferred consideration*	-	3,352
Total current trade and other payables	**2,083**	**5,435**
Non-current		
Deferred consideration*	-	1,391
Total non-current trade and other payables	**-**	**1,391**

* Deferred consideration arises on the acquisition of Dyno Dynamics, Fluidrive and Autolac and may vary according to actual future EBIT performance.

Note 10: Borrowings

Current		
Bank overdrafts	1,472	1,472
Convertible loan notes	1,298	-
Lease liabilities	96	96
Bank Bills	-	2,000
Total borrowings (current)	**2,866**	**3,568**
Non-current		
Bank loans	1,900	1,900
Lease liabilities	306	306
Total borrowings (non-current)	**2,206**	**2,206**

Bank Bills

Allomak has entered into a commercial bill facility for an amount of $2,000,000. This facility is on a quarterly rolling basis for a period of two years at a variable interest rate. The interest rate is calculated at the time the bill is rolled and is based on the average bid rate for bills of an equivalent term to maturity as quoted on the "BBSY" page of the Reuters Monitor System on the day of acceptance.

Bank Loans

One of the Operating Companies currently operates a bank loan facility with a limit of $1.0 million. The amount outstanding under this bank loan has been reduced from $1.9 million to $1.0 million by the vendor since December 2005 and is currently secured by the vendor's personal guarantee, a fixed and floating charge over the subsidiary company's assets and cross collateralised security with other non-group companies. The loan facility has a current variable interest rate of 7.67%. It has been agreed with the vendor that this facility will be replaced by the Company negotiating additional borrowing facilities with a financial institution. The succes of such negotiation is not certain.

Bank Overdraft

One of the Operating Companies currently operates a bank overdraft facility with a limit of $1.4 million.The amount outstanding under the Bank Overdraft facility has been reduced from $1.47 million to $1.23 million by the vendor since December 2005. This facility is currently secured by the vendor's personal guarantee, a fixed and floating charge over the subsidiary company's asset's and cross collateralised security with other non-group companies. The term is not fixed and the current variable interest rate is 9.75%. It has been agreed with the vendor that this facility will be replaced by the Company negotiating additional borrowing facilities with a financial institution. The succes of such negotiation is not certain.

Lease Liabilities

Allomak has entered into various finance leases for vehicles and plant and equipment for terms varying from 3 and up to five years. The interest rates on these leases vary from 7.2% to 9.85%. The leases are secured by a charge over the respective asset financed. (refer Note 15)

Note 11: Provisions

Allomak Limited	Aggregated 31 December 2005 $'000	Pro-forma 31 December 2005 $'000
Current		
Employee entitlements	389	389
Total provisions (current)	**389**	**389**
Non-current		
Employee entitlements	279	279
Total provisions (non-current)	**279**	**279**
Total employee entitlements	**668**	**668**

There were 174 full time equivalent employees at 31 December 2005.

Note 12: Issued Capital

Allomak Limited	Pro-forma 31 December 2005 Number	Pro-forma 31 December 2005 $'000
Balance at 31 December 2005	13,050,000	1
Shares issued post 31 December 2005	2,905,009	191
Conversion of loan notes	1,665,216	325
Share split (4 for 3)	4,543,285	-
Share issued to vendors – pre IPO	750,000	750
Shares issued to vendors on acquisition	5,900,615	1,910
Shares issued pursuant to the IPO prospectus	59,000,000	23,600
Costs of equity raising	-	(1,965)
Total issued capital	**87,814,125**	**24,812**

Note 13: Options

Balance at 31 December 2005: nil

Allomak Limited	Pro-forma 31 Dec 2005 Number	Price	Vesting	Term
Options issued pursuant to the IPO prospectus				
SERIES A: (Non Executive Director)	560,000	$0.40	12 months	5 years
SERIES B: (Non Executive Director)	560,000	$0.40	24 months	5 years
SERIES C: (Executive Director)	6,500,000	$0.47	immediate	5 years
SERIES D: (Executive Director)	6,500,000	$0.57	immediate	5 years
SERIES E: (Underwriters)	1,500,000	$0.40	immediate	3 years
Total Options	**15,620,000**			

All options have been issued for nil consideration.

Note 14: Controlled entities

Parent Entity
Allomak Limited

Subsidiaries

Stor Pty Ltd	Australia	100%
Dynamometer Hire Pty Ltd	Australia	100%
Dyno Exports Pty Ltd	Australia	100%
Dyno Dynamics Ltd	New Zealand	100%
Fluidrive Holdings Pty Ltd	Australia	100%
Autolac Pty Ltd	Australia	100%
ECB Pty Ltd	Australia	100%
Susa Automotive Pty Ltd	Australia	100%

Note 15: Related party transactions

Executive Service and Director Appointment Agreements

An Executive Service Agreement dated 12 June 2006 has been signed by Mr Robert Allan for a term ending three years from the month of Listing. This agreement may be terminated by Allomak on 12 months written notice and by Mr Allan on 6 months notice. Other material terms are a base salary of $165,000 is payable plus a performance bonus payable at the discretion of the Board of Directors.

An Executive Service Agreement dated 12 June 2006 has been signed by Mr John Worton for a term ending three years from the month of Listing. This agreement may be terminated by Allomak on 12 months written notice and by Mr Worton on 3 months notice. Other material terms are a base salary of $130,800 is payable plus a performance bonus payable at the discretion of the Board of Directors

Mr A. Anthony McLellan has been appointed to the Board of Directors, with Director's fees agreed of $60,000 per annum and Series A and B, non-executive director, options in accordance with Section 11.6. Mr McLellan is eligible to be granted additional options from year to year.

Ms Wendy Simpson has been appointed to the Board of Directors, with Director's fees agreed of $30,000 per annum and Series A and B, non-executive director, options in accordance with Section 11.6. Ms Simpson is eligible to be granted additional options from year to year.

Deeds of Indemnity, Insurance and Access

Allomak has entered into a deed of indemnity, insurance and access with each of its directors on usual commercial terms.

Professional Services Agreements

Prior to the Listing of Allomak, Mr Robert Allan was engaged under a professional services agreement which commenced in April, 2005 on a retainer fee of $10,000 per month, $50,000 of which was deferred until Listing by agreement with the Company. The Company also agreed to reimburse Mr Allan for expenses incurred in the previous period leading up to the formation of the Company in the amount of $100,000. In addition, a grant of Series C and D, executive director, options was agreed as disclosed in Section 11.7.

Prior to the Listing of Allomak, Mr John Worton was engaged under a professional services agreement which commenced in January 2006 on a retainer fee of $10,000 per month with a performance fee of $60,000 payable on successful Listing of the Company. In addition, a grant of options was agreed as disclosed in Section 11.7.

Loan to Director

Allomak has entered into a loan agreement with Mr Robert Allan for an advance of an amount of $245,000 for the purpose of assisting Mr Allan to discharge existing loans which were incurred to facilitate the acquisition of equity from an early investor in the Company. This loan is secured by a charge over a proportion of Mr Allan's shareholding in the Company. The loan carries a commercial interest rate of 7.5% per annum accruing and payable annually in arrears. The loan is repayable in full within 5 years.

Assumption of Debt in regard to Funding

As at 30 June, 2005, convertible loan notes of $523,000 were owed by Six Degrees Holdings Pty Ltd to a number of investors. The debt was taken over by Allomak as part of the transaction whereby investors in Allomak provided working capital and investment funding for Allomak's activities including the acquisition of the assets of Six Degrees Holdings Pty Ltd.

Assets of Six Degrees Pty Ltd (Acquisition of Barjo Manufacturing business)

The assets of Six Degrees Holdings Pty Ltd were acquired by Allomak for $333,879 paid on 30 September, 2005. Six Degrees Holdings Pty Ltd was a private company, in which Mr Robert Allan held shares and was a director.

Note 16: Capital & Leasing Commitments

	Aggregated 31 December 2005 $'000	Pro-forma 31 December 2005 $'000
Financing lease commitments		
Payable as follows:		
- not later than one year	124	124
- Later than one year but not later than 5 years	358	358
	482	**482**
Less: future finance charges	80	80
Total finance lease liability	**402**	**402**
Asset purchase liability provided for in the financial statements:		
Current	96	96
Non Current	306	306
Total finance lease liability	**402**	**402**

The Allomak group has acquired plant, equipment and motor vehicles by means of finance leases with expiry periods of between 3 and no later than 5 years.

Operating lease commitments		
Payable as follows:		
- not later than one year	910	910
- Later than one year but not later than 5 years	2,245	2,245
Total operating lease commitments	**3,155**	**3,155**

The Allomak group has entered into operating leases for the various premises with rental terms of between one year and five years. Each lease has an option to extend the lease for additional periods of between one and five years.
In addition the Company has an option to purchase several properties subject to lease at the expiration of 2 years.

As at 31 December 2005, there were no other material expenditure commitments.

Note 17: Contingent Liabilities and Contingent Assets

As at 31 December the Allomak group did not have any contingent liabilities or assets.

Note 18: Subsequent events

There were no events subsequent to 31 December 2005 of a material nature which have not been disclosed elsewhere in these Notes to the Allomak balance sheets.

7.6 Forecast Assumptions

The financial forecasts are based on the Directors' assessment of the present economic and operating conditions and on a number of assumptions regarding future events and actions, which, at the date at which the forecasts were adopted, the Directors' reasonably expect to take place.

General assumptions

The material best estimate general assumptions made by the Directors in preparing the forecast financial information are as follows:

- There is no loss of key management personnel.
- There will be no significant changes in the nature of the competitive environment in which the Company and each of the Operating Companies operate or in the strategy or performance of major competitors and there are no material beneficial or adverse effects on the financial performance of the Company arising from the actions of competitors.
- The operating and financial performance of the Company and each of the Operating Companies is influenced by a variety of general economic and business conditions, including the levels of consumer spending, levels of inflation, interest rates and exchange rates, government fiscal, monetary and regulatory policies. The forecast financial information assumes that there will be no material changes in these conditions.
- There is no material amendment to any material agreement to which the Company or any of the Operating Companies is a party.
- There are no material Acquisitions or disposals, other than as set out in this Prospectus.
- The Offer is fully subscribed and there are no further issues of securities during the forecast period.
- There is no change to Allomak's funding or capital structure other than as outlined in this Prospectus.
- There are no changes to the statutory, legal or regulatory environment (including taxation), which would be detrimental to Allomak or its key suppliers in any of the jurisdictions in which it operates.
- The Accounting Policies applicable to Allomak and each of the Operating Companies remain consistent with those currently adopted in preparing historical financial statements, as set out in Section 7.5.
- There are no material changes in Australian Accounting Standards, Statements of Accounting Concepts or other mandatory professional reporting requirements, being Urgent Issues Group Consensus Views and the Corporations Act, which would have a material effect on the forecast financial information.

Best Estimate Assumptions

The major best estimate assumptions used in the preparation of the forecast financial information included in the Prospectus are:

- Forecast revenue is based on management's assessment taking into account past experience, known contracted revenues, current trading conditions and sales prospects and anticipated increased sales arising from planned new initiatives to be undertaken during the forecast period. The principal bases on which forecast revenues for each of Operating Companies have been determined are as follows:
  - ECB and Barjo forecast revenues assume continued organic growth based on current trends and market expectations during the forecast period, together with increased sales arising from the new products expected to be introduced during the forecast period. The new products to be introduced represent an expansion of the product range offered to date in response to identified changes in market trends and opportunities. The forecast assumes capital expenditure investment of approximately $1 million during the forecast period and allows for the likely timing for the development and introduction of new products.
  - Dyno Dynamics forecast revenues assume continued organic growth based on current trends and market expectations during the forecast period, together with expansion of its sales in its existing international markets.
  - Fluidrive forecast revenues assume continued organic growth based on current trends and market expectations during the forecast period, together with full year impact of potential new clients and contracts acquired to date and the expansion of services based on negotiations currently in progress.

- Autolac forecast revenues assume continued organic growth based on current trends and market expectations during the forecast period, and the resumption of sales levels after the ending of an extended but temporary industry disruption.

- Forecast gross profits from sale of products and services assume a continuation of historical and current profit margins taking into account expected operating levels during the forecast period.
- Operating expenses have been based on management's assessment, according to both past experience and anticipated requirements over the forecast period. Operating expenses include allowance for increases of between 3% and 5% during the year ended 30 June 2007, as appropriate. It is assumed that there will be no material increase in the salary and wage costs compared to increases incurred in recent periods.
- Allowance has been made in the forecast for the year ending 30 June 2007 for corporate costs associated with operating Allomak as a publicly listed company, including costs relating to non-executive directors, annual ASX and other compliance and regulatory costs, audit, reporting and annual general meeting costs, share registry expenses and additional executive remuneration costs. It is assumed that there will be no material increase in such costs from those applicable at present and those reflected in current estimate obtained from likely service providers.
- Interest income is based on estimated monthly cash balances at a rate of 3% per annum. Interest on leasing and any other financing is based on a rate of 8% per annum. It is assumed that there will be no material movement in interest rates over the forecast period.
- It has been assumed that capital and other investment expenditure of approximately $1 million will be financed through either leasing or bank debt at an interest rate of approximately 8% per annum over five years although such financing facility has not yet been agreed by Allomak.
- Expenses related to the issue of executive options have been considered and are not expected to have a material impact on forecast income statements.
- Income tax expense has been determined assuming that a corporate rate of tax of 30% applied to operating profit before tax, less amounts deducted for the expected recovery of prior losses ($0.11 million) and IPO expenses amortised ($0.09 million). It is assumed that the operating expenses do not include any material non-deductible items for tax purposes. The forecast income tax expense assumes that Allomak and the Operating Companies have consolidated for taxation purposes. The Directors will consider all appropriate circumstances prior to deciding whether or not to tax consolidate. It is assumed that the decision in this regard will be determined in the best interests of Allomak and will not result in a position any worse than if Allomak and the Operating Companies did consolidate for tax purposes.
- It is assumed that there is no impairment of assets (including intangible assets) during the forecast period to 30 June 2007 and accordingly, that no write down of tangible or intangible assets will be required during the forecast period to 30 June 2007.
- It is assumed that the Company's working capital requirements will continue to be a function of historical debt collection and creditor terms of the Operating Companies.
- The expenses associated with this Prospectus and the Offer (estimated at $1,965,000) have been charged against equity.

The Directors of Allomak have given due care and attention to the forecasts before their adoption. Forecasts are, however, by their nature, subject to uncertainty and unexpected events, many of which are beyond the control of the Directors. Actual events are likely to differ from those forecast. Accordingly, there is no guarantee or assurance given that the forecasts will be achieved.

7.7 Sensitivity Analysis

Allomak's earnings are considered to be sensitive in varying degrees to movements in a number of key business drivers. A summary of the likely impact of movements in certain key assumptions on Allomak's forecast earnings for the year ending 30 June 2007 is set out below.

The effect on EBIT presented for each sensitivity is not intended to be indicative or predictive of the likely range of outcomes to be experienced with each sensitivity nor are the changes in the key assumptions detailed below intended to be indicative of the complete range of variations that may occur.

In estimating the sensitivity of EBIT to changes in total sales an assessment has been made as to whether various operating expenses are generally 'fixed' or vary in accordance with sales. Variable expenses have been adjusted in accordance to their relationship to total sales in estimating the effect of EBIT.

Extreme care should be taken in interpreting this information. This analysis treats each movement in an assumption in isolation from possible movements in other assumptions, which may not be the case. Movements in one assumption may have offsetting or compounding effects on other variables, the effects of which are not reflected in the following analysis. In addition, it is possible that more than one assumption may move at any one point in time, giving rise to cumulative effects, which also are not reflected in this analysis. In practice, Allomak would respond to any adverse changes in one variable by taking action to minimise its impact. The effect of any such mitigating action has been excluded from the following analysis.

	Estimated effect on EBIT for year ending 30 June 2007 $'000
± 5% change in total sales	± $670
± 1% change in gross margins	± $349
± 5% change in operating expenses	± $521

21 July 2006

The Directors
Allomak Limited
Level 6
4 Martin Place
Sydney NSW 2000

Dear Sirs,

INDEPENDENT ACCOUNTANT'S REPORT

1. Introduction

The Directors of Allomak Limited (**"Allomak" or "the Company"**) have requested PKF Corporate Advisory Services (NSW) Pty Ltd (**"PKFCA"**) to prepare an Independent Accountant's Report ("Report") on the following:

- A review of the historical income statements of Allomak for the years ending 30 June 2004, 30 June 2005, and the six months ended 31 December 2005;
- A review of the historical aggregated balance sheet and pro-forma balance sheet of Allomak as at 31 December 2005; and
- A review of directors forecasts of Allomak for the years ending 30 June 2006 and 30 June 2007,

hereinafter referred to as the "Financial Information", as set out in Section 7 of the Prospectus.

This report has been prepared at the request of the Directors of Allomak for inclusion in the Prospectus dated on or about 21 July 2006 (**"the Prospectus"**) relating to the issue and sale of 59,000,000 Shares at an issue price of $0.40 each (**"the Offer"**). The offer is underwritten by Paterson Securities Limited and Foster Stockbroking Pty Ltd.

Terms used in this report are intended to have the same meaning ascribed to them in the Prospectus, unless expressly provided for otherwise in this report.

1.The nature of this report is such that it should be given by an entity which holds an Australian Financial Services licence under the Financial Services Reform Act 2001. PKFCA is wholly owned by PKF, Chartered Accountants and Business Advisers, and holds the appropriate Australian Financial Services Licence (Licence No. 247420).

2. Background

Allomak comprises a number of existing businesses (either already acquired or to be acquired) providing products and services in the Automotive Aftercare market. The principal businesses provide products and services in respect of:

- aluminium auto-protection equipment, bull bars and accessories;
- advanced workshop dynamometers;
- automotive paint and equipment; and
- service, repair and remanufacture of transmissions.

3. Financial Information

Historical Financial Information

The historical financial information comprises the historical income statements for the years ending 30 June 2004, 30 June 2005, and the six months ended 31 December 2005, as set out in Section 7.2 of the Prospectus, and the pro-forma aggregated balance sheet of the Company as at 31 December 2005 and accompanying notes, as set out in Section 7.5 of the Prospectus.

The pro-forma balance sheet reflects the financial position of Allomak as if the Company had completed the Offer under the Prospectus and any related transactions disclosed in Section 7.5 of the Prospectus as at 31 December 2005.

The pro-forma balance sheet as at 31 December 2005 is derived from the reviewed balance sheet of the Company adjusted to include the transactions disclosed in Section 7.5 of the Prospectus.

The Directors of Allomak are responsible for the preparation and presentation of the pro-forma financial information, including the determination of the pro-forma transactions. We disclaim any assumption of responsibility for any reliance on this Report or on the pro-forma financial information to which it relates for any purposes other than for which it was prepared.

The pro-forma financial information is presented in a summarised form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Forecast Financial Information

The forecast financial information, as set out in Section 7.2 of the Prospectus, comprises the Directors' consolidated forecast results for the Company for the years ending 30 June 2006 and 30 June 2007 ("the Forecasts").

The Forecasts are Pro-forma in nature as they assume that Allomak consisted and operated in the form expected after completion of the Offer and acquisition of all businesses throughout the entire period of the Forecasts.

The Pro-forma consolidated forecast results for the Company for the year ending 30 June 2006 comprise the actual reviewed results of the companies being acquired for the six months to 31 December 2005, together with the actual results for the three months to 31 March 2006 and the forecast results for the three months to 30 June 2006.

The Directors' general and best-estimate assumptions on which the Forecasts are based are set out in Section 7.6 of the Prospectus.

The Directors of Allomak are solely responsible for the preparation and presentation of the Forecasts, including the best-estimate assumptions on which the Forecasts are based. The Forecasts have been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Forecasts to which it relates for any purposes other than for which it was prepared.

The Forecasts provide investors with a guide to the Company's forecast financial performance for the years ending 30 June 2006 and 30 June 2007, based on the assumptions set out in Section 7.6 of the Prospectus and the achievement of certain operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur.

The Forecasts reflect the Directors' best estimate, based on present circumstances, as to both the most likely set of operating, developmental, and trading conditions and the course of action that the Company is most likely to take. The best-estimate assumptions, and general assumptions, underlying the Forecasts are set out in Section 7.6 of the Prospectus.

There is a considerable degree of subjective judgement involved in the preparation of a forecast. Consequently, the actual results of the Company may vary materially from the Forecasts and the variation may be materially positive or negative. Accordingly, investors should have regard to the investment risks set out in Section 9 of the Prospectus.

The Forecasts are presented in an abbreviated form and do not include all of the disclosures required by Australian Accounting Standards applicable to the annual financial reports prepared in accordance with the Corporations Act 2001.

PKFCA emphasises that the achievement of the Forecasts is reliant on assumptions of future outcomes, which are predictive by nature, and consequently there is no certainty of their achievement. Assumptions relating to the Forecasts can be reasonable at the time of their preparation, but can nonetheless change materially over time.

4. Scope of Examination

Review of Historical Financial Information

We have reviewed the historical financial information in order to state whether anything has come to our attention which causes us to believe that the historical income statements, as set out in Section 7.2 of the Prospectus, and the historical and pro-forma balance sheets, as set out in Section 7.5 of the Prospectus, do not present fairly, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional

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reporting requirements in Australia, the accounting policies adopted by the Company described in Section 7.5 of the Prospectus, and taking into account the pro-forma transactions set out in Section 7.5 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standard 902, "Review of Financial Reports". Our review was limited to enquiries of the Directors and personnel of the Company, a review of the assumptions applied to compile the pro-forma balance sheet, analytical procedures applied to the financial data and the performance of limited verification procedures.

These review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review of Forecast Financial Information

PKFCA has conducted a review of the Forecasts included in Section 7.2 of the Prospectus, and the best-estimate assumptions underlying the Forecasts set out in Section 7.6 of the Prospectus.

PKFCA's review has been conducted in accordance with Australian Auditing Standard AUS 902, "Review of Financial Reports". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary. These procedures included discussion with the directors and management of Allomak and have been undertaken in order to form an opinion and report as to whether anything has come to our attention that causes us to believe that:

- the best-estimate assumptions, when taken as a whole, do not provide reasonable grounds for the preparation of the Forecasts;
- the Forecasts are not properly compiled on the basis of the best-estimate assumptions or presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Allomak; and
- the Forecasts themselves are unreasonable.

PKFCA's review of the Forecasts and the best-estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance that an audit. We have not performed an audit and we do not express an audit opinion on the Forecasts included in the Prospectus.

5. Statements

The following statements are made as a result of conducting these reviews:

Review of Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the historical income statements, set out in Section 7.2 of the Prospectus, and the historical and pro-forma balance sheets of Allomak as at 31 December 2005, set out Section 7.5 of the Prospectus, do not present fairly, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, the accounting policies adopted by the Company described in Section 7.5 of the Prospectus, and taking into account the pro-forma transactions set out in Section 7.5 of the Prospectus.

Forecasts

Based on PKFCA's review of the Forecasts, which is not an audit, nothing has come to PKFCA's attention which causes it to believe that:

- the best-estimate assumptions, set out in Section 7.6 of the Prospectus, when taken as a whole, do not provide reasonable grounds for the preparation of the Forecasts;
- the Forecasts, set out in Section 7.2 of the Prospectus, are not properly compiled on the basis of the best-estimate assumptions or presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Allomak; and
- the Forecasts themselves are unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies, often outside the control of the Company. If events do not occur as assumed, actual results achieved by the Company may vary significantly from those in the Forecasts.

PKF

Accordingly, PKFCA does not confirm or guarantee the achievement of the Forecasts, as future events, by their very nature, are not capable of independent substantiation.

6. Working Capital Adequacy

As required by Listing Rule 1.3.3 we advise that, in our opinion, the Company will have enough working capital to carry out its stated objectives.

7. Subsequent Events

Other than the matters dealt with in this report, to the best of our knowledge and belief, there have been no material transactions or events outside the ordinary course of business of the Company have come to our attention which require comment on, or adjustment to, the information contained in this report or which would cause such information to be misleading or deceptive.

8. Independence and General Advice Limitation

Independence

PKFCA is a member of the PKF New South Wales accounting practice. PKFCA does not have any interest in the outcome of the Offer set out in the Prospectus, other than in connection with the preparation of this report and participation in the due diligence procedures, for which normal professional fees will be received. PKF New South Wales acts as auditor of the Company.

PKFCA regards itself as independent of Allomak for the purpose of preparing this report.

The Directors of Allomak have agreed to indemnify and hold harmless PKFCA, its directors and staff from any claims arising out of misstatement or omission in any material or information provided to PKFCA by the Company and its Directors, management and officers.

PKFCA has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

General Advice Limitation

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

PKFCA holds an Australian Financial Services Licence. As a holder of an Australian Financial Services Licence we are required to provide a Financial Services Guide in situations where we may be taken as providing financial product advice to retail clients. A copy of PKFCA Financial Services Guide is set out in Appendix A to this report.

Yours faithfully,

PKF CORPORATE ADVISORY SERVICES (NSW) PTY LTD

TIM SYDENHAM	DOMENIC QUARTULLO
Director	Director

Appendix A

Financial Services Guide

21 July 2006

This Financial Services Guide is issued in relation to the Independent Accountant's Report included in the prospectus issued by Allomak Limited ("Allomak" or "the Company") dated on or about 21 July 2006 ("the Prospectus") relating to the issue and sale of a total of 59,000,000 Shares at an issue price of $0.40 each ("the Offer").

PKF Corporate Advisory Services (NSW) Pty Ltd

PKF Corporate Advisory Services (NSW) Pty Ltd (ABN 70 050 038 170) ("PKFCA") has been engaged by the directors of Allomak to prepare an independent accountant's report for inclusion in the Prospectus.

PKFCA holds an Australian Financial Services Licence – Licence No: 247420.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, Acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of another person.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report (as a retail client) because of your connection with the matters on which our report has been issued.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

Our report provides general financial product advice only, and does provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the issue of share described in the Prospectus may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We have charged fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PKFCA or related entities but any bonuses are not directly in connected with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

PKFCA is the licensed corporate advisory arm of PKF New South Wales, Chartered Accountants and Business Advisers. The directors of PKFCA may also be partners in PKF New South Wales, Chartered Accountants and Business Advisers.

PKF New South Wales, Chartered Accountants and Business Advisers is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

PKFCA's contact details are as set out on our letterhead.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, PKF Corporate Advisory Services (NSW) Pty Ltd, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Industry Complaints Service ("FICS"). FICS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PKFCA is a member of FICS. FICS may be contacted directly via the details set out below.

Financial Industry Complaints Service Limited

PO Box 579
Collins Street West
Melbourne VIC 8007
Toll free: 1300 78 08 08
Facsimile: (03) 9621 2291
Email: www.fics@fics.asn.au

There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the value of the Shares in the Company. Many of these factors are outside the control of the Directors of Allomak.

This Section identifies some, but not all, of the major risks associated with an investment in the Company. Intending Applicants should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to subscribe for Shares.

9.1 Nature of Investment

Any potential investor should be aware that subscribing for Shares involves various risks. Participating in the Offer should be considered speculative. The Shares to be issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

9.2 Business Risks

Business Integration Risk

Allomak will only own all of the Operating Companies immediately prior to Listing. Although the general approach of Allomak is to acquire businesses and preserve a high degree of operating autonomy for an acquired business, there will be a certain level of integration risk (eg, transition from being privately owned, implementing across the Operating Companies financial reporting and systems, group purchasing for certain items and services, warehousing, marketing and other potential shared services). Unexpected difficulties in integrating the Acquisitions of the Operating Companies or possible future Acquisitions may impact the future financial performance of the Company.

In addition, some of the current Acquisition agreements contain performance related provisions linked to the earnings of the individual Operating Companies achieved over given periods for the businesses acquired. To allow and encourage those previous business owners (who are employed by Allomak) to have a greater input to financial performance of their business areas during this time, it may be necessary to preserve a greater level of operational independence of these businesses than would exist where such acquisition terms do not exist. Therefore, there may be more limited scope for Allomak to integrate areas of the business that it may otherwise seek to do so in order to derive maximum possible financial benefit. It is expected that in these cases that management will be able to work through any such control issues to allow full financial benefits to be obtained.

Growth Management

To achieve the growth objectives set out in this Prospectus, Allomak will be required to continue to invest in its existing operations, systems, and new business opportunities. The existing Board and management have extensive experience in managing and implementing growth strategies. An inability, however, to implement the growth strategies outlined in this Prospectus may impact the future financial performance of the Company.

Future Acquisitions

The Company plans to make appropriate strategic Acquisitions in the future based on specific acquisition criteria. There is no guarantee that additional targets meeting these criteria will be found or can be negotiated to be acquired on acceptable terms to Allomak. Whilst the forecasts indicated in this Prospectus do not factor in any acquisition financials, failure to make such Acquisitions may impact the long term future financial performance of the Company.

Reliance Upon Key Personnel

The Company is reliant upon the skills of its executive team. As the loss of any key personnel may have an adverse material effect on the Company's ability to conduct its activities, all members of the executive leadership team will enter executive employment agreements (with a period of service of at least 1-2 years) with the Company. The Company's ability to retain the services of the key personnel or find timely replacement for the loss of such key personnel is critical to its success. In addition, any future inability to hire and/or retain the services of additional technical personnel with appropriate qualifications may also have a material negative impact on the success of the Company's operations.

Business Contracts

The acquisition of the Operating Companies will involve either an assignment of, or a change of control in relation to, the various customer and supply contracts, some of which require the consent of the other contracting party. Given the fundamental significance of the aftermarket contracts with several major car manufacturers (as discussed in Section 11.3.4), this is particularly important for the Fluidrive business. Other than with respect to Fluidrive, should Allomak be unable to secure the consent to the assignment or change of control for any one of the individual customer or supply contracts, this may have an adverse effect upon the financial performance of Allomak. If the required consents are not obtained in relation to the

Fluidrive contracts by the completion date for the Fluidrive acquisition, Allomak at its discretion can elect not to purchase the Fluidrive assets.

Customer Relationships

The businesses that Allomak operates and will operate rely on the strength of existing customer relationships to sustain future sales. Loss of major customer relationships following the Acquisitions may have an adverse affect on company earnings, particularly in the case of the Fluidrive business which currently relies almost exclusively on the assignment and continuing existence of three significant aftermarket contracts with car manufacturers.

Industrial action

Certain employees of Allomak may be or may in the future be represented by unions. There is no guarantee that the Company will not experience some kind of industrial action in the future and its financial performance may suffer as a result.

Maintenance of Standards and Quality Accreditations

Some of the Operating Companies maintain and are required to renew quality assurance accreditations (eg QS9000) important or essential for the maintenance of some customer supply arrangements. Failure to maintain or to gain re-accreditation may have a materially adverse impact on the financial performance of the Company, particularly in the case of Fluidrive where the contracts being assigned require QS-9000 Certification to be assigned and in one of those contracts an advance to a higher (ISO/TS 16949) certification by 4 December 2006 is required. If Allomak fails to secure these Fluidrive certifications, or their assignment when required, it is likely to have a material adverse effect upon Allomak's operations and earnings.

Liability Risk

Allomak has in place a level of insurance considered suitable for its current business undertakings and will increase that cover to include all of the Operating Companies. However, if Allomak's insurance arrangements are not adequate to protect it against liability for all losses (including but not limited to environmental losses, public liability, product liability or losses arising from business interruption) or should Allomak experience losses in excess of the scope of its insurance cover, Allomak's financial performance may be adversely affected.

Environmental

The operations relating to Fluidrive include the use and operation of underground waste oil storage tanks, which are checked and emptied regularly by accredited waste removal specialists. If there was any contamination relating to the operations and the insurance policies were inadequate to cover any damages or clean up costs, or if recovery from the vendor under acquisition agreement warranties and indemnities was not obtained, this could have a material adverse effect upon Allomak.

Capital Requirements

In the opinion of the Board, the Company's working capital before and following the Offer is sufficient to meet its current business objectives. However, there can be no assurance that additional working capital will not be required in the future to meet these objectives, and if it is needed it will be available on terms favourable to the Company.

9.3 Industry Risks

General Economic Conditions

Australian and world economic conditions may negatively affect Allomak's operating and financial performance. Any protracted slow down in economic or business conditions or factors such as inflation, currency fluctuations, interest rates, level of business or consumer spending, supply and demand and industrial disruption may have a negative impact on Allomak's costs and revenue. These changes could adversely affect Allomak's operations and earnings.

Regulatory Changes

Legislative or regulatory changes, including property or environmental regulations or regulatory changes in relation to products to be sold by the Company, may adversely affect some of the businesses operated by Allomak. The Directors are not aware of any such changes being proposed at present and note that various state and federal recommended standards as to whether certain bull bars should be regulated or in some cases banned did not significantly impact upon the Barjo or ECB Pty Ltd businesses.

Automotive Industry

The Company's Automotive Aftercare market businesses whilst not subject to low margin OEM contracts and business, may be impacted by changes in the market for new automotive vehicles and related parts and servicing requirements. Subject to the Company's ability to adapt, the Company's financial performance may be adversely affected by factors influencing the automotive industry, including the availability of alternate transport methods, changes in consumer sentiment towards motor vehicles, the costs associated with motor vehicle manufacturing, issues surrounding the ownership and operation of vehicles, and the availability of raw materials associated with the Company's products. Prolonged periods of high oil prices could also lead to a reduced use of motor vehicles and a possible contraction of certain sectors of the Automotive Aftercare market.

Exchange Rates

The affordability of certain accessories and parts may be adversely affected by movements in exchange rates, for example through higher prices for imported raw materials or products. Conversely, an exchange rate movement in the other direction may limit the appeal of the exported products of the Allomak group if prices are increased to offset a strengthening Australian dollar, or erode margins if prices are left the same in the foreign market.

9.4 Competition

Allomak operates in a competitive market environment.

Allomak's financial performance could be affected if the actions of competitors become more effective or if new competitors enter the market.

9.5 Intellectual Property

No assurance can be given that the value of the intellectual property rights of the Allomak group will be completely protected, or the group's competitive position maintained by the legal protection afforded by a combination of copyright, trade mark, trade secrecy laws, patent, confidentiality and other intellectual property rights.

There can be no assurance that third parties or employees will not breach confidentiality agreements, infringe or misappropriate the intellectual property of the Allomak group or will not be able to produce a non-infringing competitive product or service. Further, no assurance can be given that the third parties will not challenge the ownership by, or the rights of the Company to its intellectual property rights, or that if the Company is required to obtain a licence from a third party as a result of any infringement dispute, the Company will be able to obtain such licences.

The Directors note that there are a number of business distributors who display an affiliation with Operating Companies by displaying brands or business names owned by the Operating Companies. While the majority of these arrangements have not been formalised with written agreements, most are in the nature of marketing materials displayed in supplier's premises. Given the informality, there is some uncertainty as to the specific remedies available to Allomak in the event the executive leadership team determines in the future that the behaviour of any distributors to be undesirable to the interests of Allomak.

9.6 Market for Shares

Prior to the Offer there has been no public market for the Shares. No assurance can be given that an active market will develop in the Shares or that the Shares will trade at or above the Offer Price after the Shares have been listed on the Official List and after Official Quotation.

9.7 Stockmarket Volatility

Regardless of the performance of the Allomak group, the day to day performance of the share market and general share market conditions may effect the price at which shares trade on a share market such as the ASX. The share market has in the past and may in the future be affected by a number of matters including:

(a) Economic conditions in general terms and in particular to the industry that a business operates in;

(b) Interest rates;

(c) Market confidence;

(d) Supply and demand for money;

(e) Currency exchange rates;

(f) General economic outlook; and

(g) Changes in government policy.

9.8 Prospective Information

No assurance as to future profitability or dividends can be given as they are dependent on future earnings and the working capital requirements of the Company.

There can be no guarantee that the assumptions on which the financial forecasts, feasibility study and development strategies of the Board, or those upon which the Company bases its decisions to proceed, will ultimately prove to be valid or accurate. The forecasts, feasibility studies and development strategies depend on various factors many of which are outside the control of the Company.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

S10 Taxation

The following taxation summary provides a general overview of the Australian tax implications to Australian resident and non-resident investors who acquire and hold the Shares under the offer contained in this Prospectus.

This summary is based on the tax laws of Australia as at the date of this Prospectus.

The following taxation summary is not intended to be a complete description of all the Australian tax considerations applicable to your investment. It is your responsibility to be satisfied as to the particular taxation treatment that applies to your investment. It is recommended that you seek independent professional advice with respect to the tax consequences applicable to your individual circumstances before investing.

The following discussion assumes you hold the Shares on capital account. A different treatment may apply if you hold the Shares on revenue account, for example if you are a share trader. The following discussion does not apply if you acquired Shares as a result of an employee share plan or employee share option plan.

Australian Investors

Capital gains tax

Australian income tax laws contain a capital gains tax ("CGT") regime. For CGT purposes, you acquire your Shares on the date the Shares are allocated to be issued or transferred to you. The cost base and reduced cost base of Shares acquired is generally the amount you pay to acquire the Shares and any associated costs (such as brokerage) that you incur.

Gains on the disposal of Shares will be subject to the CGT provisions. A capital gain will arise where the proceeds received exceed the cost base in the Shares. Conversely, you incur a capital loss where the proceeds received on disposal are less than the reduced cost base of the Shares. Capital losses can generally be carried forward to offset against capital gains derived in future income years.

Capital losses made in the same or prior years can typically be used to offset any capital gains. Any remaining net capital gains are included in assessable income and taxed as income. Individuals and trusts in certain circumstances may be entitled to a 50% discount on capital gains derived where they have held the Shares as a CGT asset for 12 months or more. Complying superannuation funds and life insurance companies holding the Shares as virtual pooled superannuation trust assets are entitled to a discount of 33.3%. Any discount would apply only after capital losses are first applied against the capital gain. Companies are not entitled to the discount.

Stamp duty

No stamp duty is payable on the issue or transfer of Shares. Under current stamp duty legislation, no stamp duty would be payable on subsequent transfers of the Shares as long as the Shares remain quoted on the ASX.

Taxation of dividends

Dividends paid to you will be included in your assessable income in the income year they are paid. Dividends you receive may be franked or unfranked. Franked dividends have "franking credits" attached and reflect the Australian corporate tax paid on the profits out of which the dividends are paid. The dividends and any franking credits attached should be included in your assessable income.

You will be entitled to a tax offset equal to the franking credits, provided you have held the Shares at risk for at least 45 days (excluding the dates of acquisition and disposal).

Certain types of taxpayers, including individuals and superannuation funds, are entitled to a refund of any excess franking credits.

Unfranked dividends will be included in your assessable income.

Non-resident Investors

Capital gains tax

As a non-resident, under current law, you will generally not be subject to Australian CGT on disposal of the Shares unless you (and your associates) hold at least 10% of the Shares on issue at any time during the 5 years prior to disposal. The Tax Laws Amendment (2006 Measures No.4.) Bill 2006 was introduced into Federal Parliament on 22 June 2006. The effect of this Bill if passed into law in its current form will be to eliminate any Australian CGT on disposal of the shares except where the company is land rich. In the event that the Shares are subject to CGT, the taxation consequences outlined above for an Australian resident will apply, subject to the application of any relevant Double Tax Agreement.

Taxation of dividends

Dividends you receive will not be subject to dividend withholding tax to the extent the dividend is franked. However, dividend withholding tax may apply to that part of the dividend that is unfranked. Australia's dividend withholding tax rate is 30%, however this may be reduced (usually to 15%) under a Double Tax Agreement depending on the recipient's country of residence.

Non-resident investors should consult their own tax advisor for the taxation implications in their own domestic jurisdiction of this offer.

S11 Additional Information

This additional information Section of the Prospectus contains information which the Board considers material to the Offer regarding;

(a) Incorporation and history of the Company together with a summary of the rights attaching to the Shares;

(b) The Corporate Governance Policies adopted by the Company;

(c) The terms for the Acquisitions under the Sale Agreements;

(d) The terms of the Underwriting Agreement together with the voluntary escrow arrangements entered into by the Existing Shareholders at the request of the Underwriter;

(e) Certain material agreements relating to Allomak or its operations;

(f) Allomak's employee option and share plans (as adopted prior to the date of this Prospectus); and

(g) The interests of, and consents of, the directors, advisers and generally the costs of the Offer.

11.1 Company information

Incorporation

The Company was incorporated in April 2005 and ultimately changed its name to Allomak Limited in july 2006. This Offer is for fully paid ordinary shares in the capital of the Company.

Rights attaching to Shares

A summary of the key provisions relating to the rights attaching to the Shares (taken from the Constitution) are summarised below. This summary is not intended to be exhaustive and does not constitute a definitive statement of the rights, liabilities and restrictions attaching to the Shares. The provisions of the Constitution must be read subject to the Corporations Act and the ASX Listing Rules and SCH Business Rules.

(a) RANKING

The Shares will be ordinary shares and will rank equally in all respects with the ordinary shares in the Company on issue prior to the date of this Prospectus.

(b) REPORTS AND NOTICES

Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution of the Company and the Corporations Act.

(c) GENERAL MEETINGS

Subject to any preferential or special rights attaching to any shares that may be issued by the Company in the future, members are entitled to be present in person, or by proxy, attorney or representative to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Corporations Act and the Constitution of the Company.

(d) VOTING

At a general meeting of the Company every ordinary member present in person, or by, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote.

(e) REDUCTION OF CAPITAL

Subject to the Corporations Act and Listing Rules, the Company may resolve to reduce its share capital by any lawful manner as the Directors may approve.

(f) WINDING UP

Members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

(g) TRANSFER OF SHARES

Shares in the Company may be transferred in any form authorised by the Corporations Act or approved by the Directors and in the manner prescribed by the Constitution of the Company, the Corporations Act, the Listing Rules or the SCH Business Rules. The Directors may subject to the Listing Rules and the SCH Business Rules, request the SCH to place a holding lock to prevent any SCH transfer of shares. The Directors may refuse to register a paper based transfer of a share in particular circumstances.
If the Directors decline the registration of a transfer, the Company must within five business days, or any other period prescribed by the Listing Rules, after the transfer is lodged, give the party lodging the transfer written notice of the refusal setting out reasons for the refusal.

(h) ISSUE OF FURTHER SHARES

The Directors control the allotment, issue, grant of options in respect of and disposal of shares. Subject to restrictions on the allotment of shares and grant of options to Directors or their associates and the Corporations Act, the Directors may allot, grant options or otherwise dispose of shares on such terms and conditions as they see fit.

(i) TAKEOVER APPROVAL PROVISIONS

Any proportional takeover scheme must be approved by those members holding shares included in the class of shares in respect of which the offer to acquire those shares was first made. The registration of the transfer of any shares following the acceptance of an offer made under a scheme is prohibited until that scheme is approved by the relevant members.

(j) APPLICATION OF LISTING RULES

On admission to the Official List of the ASX then, despite anything in the Constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require a constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of that inconsistency.

Dividends

Any future determination of as to payment dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, the operating results, financial condition and capital requirements of the Company, general business conditions and such other factors as the Directors consider relevant. The Company has also adopted a Dividend Re-Investment Plan as detailed in Section 11.6 below.

11.2 Corporate Governance Policies

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and monitoring of the business and affairs of the Company on behalf of its members.

The Company is cognisant of the Principles of Good Corporate Governance and Best Practice

Recommendations as published by ASX Corporate Governance Council. The Board will comply with Listing Rule 4.10 which requires the Company to provide a statement in its annual return disclosing the extent to which those best practice recommendations are followed in any reporting period and to identify any recommendations not followed and provide reasons for them not being followed.

The Board believes that the structure of the Company, its management and business practices provide a basis of governance which meets most of the essential corporate governance principles articulated by ASX in that publication.

One of the key objectives of the Board is to ensure timely, transparent and accurate communication with all members and compliance with all regulatory requirements.

11.3 The Acquisitions

The Company has prior to the issue of this Prospectus completed the Acquisitions of Dyno Dynamics and Barjo Manufacturing. Before any allotment of any Shares under this Prospectus, the Company will also complete the Acquisitions of ECB, Fluidrive and Autolac.

An outline of the material terms of terms for each of the Acquisitions and corresponding material contracts (where applicable) relating to those Operating Companies is set out below.

11.3.1 Share Sale Agreement – Acquisition of Dyno Dynamics

Allomak has entered into an agreement with all the shareholders of Stor Pty Ltd (Stor), namely Christopher Hodges, Meryl Hodges and Peter Humphris (Sellers), for the acquisition of all of the issued shares in Stor. The acquisition was completed on 31 May 2006 and is independent of the Listing.

Stor, which trades as Dyno Dynamics, is involved in the design and manufacture of dynamometers, being mechanical instruments used to conduct comprehensive analysis of an automobile's performance.

The total purchase consideration for the acquisition consisted of:

(a) up to $2.5 million at completion, which was satisfied by payments in cash and by the issue of Shares in Allomak to the Sellers. The number of Allomak Shares issued to the Sellers is subject to an adjustment (after Listing) by reference to the Allomak Share VWAP (so as to equate to a value of $750,000 at the VWAP);

(b) $0.5 million in cash to be paid 12 months after completion (secured by a charge over the assets of the Dyno Dynamics);

(c) two deferred payments (in aggregate of up to $2.55 million) to be based on the FY2006 EBIT and the FY2007 EBIT performance of the Dyno Dynamics business.

In addition the Dyno Dynamic Share Sale Agreement provides for an NTA Adjustment by reference to the NTA as at 30 June 2005 compared to the completion accounts.

The Sellers and their affiliates are restrained from operating a business in competition with the Dyno Dynamics business and must not solicit or approach any current or past customers, supplies or current employees.

The Share Sale Agreement also contains various warranties and representations, among other things, relating to the share capital of Stor, its assets and employees. In addition Allomak has the benefit of an indemnity by the Sellers for any breach of these warranties and representation or of any breach of the Share Sale Agreement itself.

11.3.2 Share Sale Agreement – Acquisition of ECB

Allomak entered into an agreement dated 9 January 2006 (amended by a Deed of Variation dated 30 June 2006) with all the shareholders of ECB Pty Ltd (formerly Balatore Pty Ltd), namely Shane Leadbetter and Elizabeth Leadbetter (Sellers), for the acquisition of all of the issued shares in the capital of ECB for a total price of approximately $17.5 million (subject to a performance and an NTA adjustment). ECB manufactures and sells aluminium auto protection equipment and accessories, such as bull bars.

The acquisition will be completed immediately prior to the Listing of Allomak. The acquisition terms include provisions for adjustments to give an effective date of Allomak's entitlement to the profits of the ECB business as from 1 July 2006.

The consideration for the acquisition of ECB consists of cash and the issue of fully paid Allomak Shares as follows:

(a) deposit of $10,000 paid on the date of agreement,

(b) the issue to Sellers of fully paid ordinary shares in Allomak so as to equate to $1,000,000 (at $0.40 per Share) and the further issue of Allomak shares within 3 days after determination of VWAP - so as to equate to a total issue to the Sellers of Allomak Shares at VWAP with an aggregate value of $1,500,000;

(c) cash consideration of $16,091,729 to be paid within 5 business days after Listing,

(d) a further payment after completion, based on a comparison of the adjusted taxable income of ECB for the period between 1 July 2005 and 31 December 2005 as represented by the Sellers in their Accounts of up to $1,000,000,

(e) an adjustment (if any) with respect to the Net Tangible Assets of ECB (NTA) for the period between 30 June 2005 and 1 July 2006.

(f) a further payment of $7,592 per Business Day between 1 July 2006 and the date of payment of cash consideration in item (c) above.

The Sellers and their affiliates are restrained for specified periods after completion from operating a business in competition with the business of ECB and must not solicit or approach any customers, suppliers or current employees of ECB.

The Share Sale Agreement also contains various warranties and representations from the Sellers relating to among other matters, the share capital of ECB Pty Ltd, its assets and employees. In addition the Company has the benefit of an indemnity from the Sellers for any breach of these warranties or of any breach of the Share Sale Agreement itself.

11.3.3 Share Sale Agreement – Acquisition of Barjo Manufacturing

Allomak's wholly owned subsidiary (Susa Automotive Pty Ltd) entered into an agreement for the purchase of business conducted by Six Degrees Holdings Pty Ltd, BTX Services Pty Ltd and SMK Sales Pty Ltd (collectively the Sellers) under the name or style of "Barjo Manufacturing". Completion of this acquisition took place in November 2005. The cash purchase price was less than $350,000 and the impact of the acquisition (both the purchase consideration and the liabilities assumed) is reflected in the financial statements included in this Prospectus.

The Barjo Manufacturing business consists of manufacturing aluminium bull bars and other automotive protection accessories (including specialty items in the range of products). The sale contract provides for a transfer of all assets associated with the Barjo Manufacturing business (including plant and equipment) plus the assumption of certain liabilities (including trade creditors, superannuation payments, PAYG liabilities of the Sellers in relation to the business and transferring employee entitlements).

The sale agreement contains commercial warranties together with the usual restraints given by the Sellers and their affiliates.

One of the Allomak directors (namely Rob Allan) is associated with the Sellers and therefore details of this acquisition are disclosed in the related party notes to the financial statements in Section 7.

11.3.4 Asset Sale Agreement – Acquisition of Fluidrive

Allomak through a wholly owned subsidiary (Buyer) has entered a contract dated 11 May 2006 (as amended by a Deed of Variation dated 13 July 2006) to acquire the business carried on by and associated assets of Fluidrive Automotive Technologies Pty Limited, Fluidrive Corporation Pty Limited and Dunbar Nominees Proprietary Limited (collectively the Sellers) under the name "Fluidrive Automotive Technologies" (Fluidrive).

Fluidrive is a specialist in the wholesale remanufacturing of transmissions for several national and international car manufacturers. Fluidrive has no operational or financial connection with the retail franchisees that operate "Fluidrive" branded retail franchise outlets.

The purchase price, which consists of cash instalments and Allomak Shares, is to be satisfied in the following manner:

(a) payment of a $100,000 deposit upon completion of due diligence by Allomak (which has occurred prior to the date of this Prospectus);

(b) $1,565,573 (First Instalment) to be paid to the Sellers within 10 Business Days after Listing;

(c) the issue to Fluidrive Corporation Pty Limited of fully paid Allomak Shares so as to equate to a value of $260,246 (at VWAP) following Listing;

(d) payment of $676,639 within 6 months of the completion date (Second Instalment);

(e) payment for the value of the stock as agreed by the parties within 14 Business Days after Listing; and

(f) payment of the deferred payment of $260,240 calculated with reference to the earnings of the Fluidrive business for FY2006.

The First Instalment and Second Instalment are secured in favour of the Sellers by a registered charge over the assets and undertaking of the Buyer and by a mortgage over all of the issued shares in the Buyer.

The sale contract provides for an adjustment to be made at completion so as to give effective date of Allomak's entitlement to the profits of the business (being 1 July 2006). For further details of the Fluidrive trade mark licence arrangements see below.

Completion of this Acquisition is conditional on:

(a) ASX granting conditional approval for the listing of Allomak;

(b) the Sellers procuring assignment of the property leases for use of the premises for conduct of the business;

(c) the Sellers procuring an assignment or licence of the rights to use the Fluidrive trade mark to the Buyer; and

(d) the Sellers procuring an assignment of their rights under the material contracts with key customers (see below regarding the Fluidrive Customer Contracts).

The Sellers and their affiliates are restrained for specified periods after completion from operating a business in competition with the Fluidrive business and must not solicit or approach any customers, supplies or current employees of that business.

The sale agreement also contains various warranties and representations from the Sellers relating to matters including the status of the Fluidrive business, its assets and employees. In addition the Sellers undertake to indemnify the Buyer against any depletion of the assets of Fluidrive in consequence of any claim or liability arising out of the past conduct of the business.

The business conducted by Fluidrive is largely based on the current material contracts with four car manufacturers. The acquisition of the Fluidrive business and assets is conditional upon the assignment of these material contracts. The Sellers and Allomak are in the process of obtaining the consent of the relevant customers to the transfer of the material contracts, which consent is required to be obtained by the Sellers prior to completion. See below for a more detailed description of these contracts.

FLUIDRIVE AFTERMARKET SERVICE AGREEMENTS WITH KEY CUSTOMERS.

The Sellers of the Fluidrive business had entered into four major service contracts with customers - the revenue from these contracts during the financial period ended 31 December 2005 accounted for the majority of the annual revenue of Fluidrive. These contracts are to be assigned by the Sellers prior to completion. Those customer contracts vary in their terms as compared to each other, all comprise commercially sensitive information, but generally have provisions substantially incorporating the following terms:

(a) the services to be provided by Fluidrive comprised the warranty and aftermarket remanufacturing of automotive transmissions for the relevant car manufacturer's vehicles;

(b) the revenue provided to Fluidrive is on a per transmission remanufactured basis. This pricing is reflected in the financial Section of this Prospectus. There is no mechanism contemplated or stated in the contracts for the review of the rate at which the services are paid per unit apart from due to currency fluctuations;

(c) whilst there is no minimum number of transmissions that any of the customers are contracted to supply for remanufacturing by Fluidrive during the term of the relevant contract nor a minimum number of any particular type of service to be provided, there is a mechanism in the contracts for determining an agreed scope of works from time to time. Fluidrive is required to have available for use pursuant to the contracts significant delivery and storage capacity, including storage of already remanufactured transmissions ready for prompt despatch;

(d) the contracts vary in length, but all are subject to the proviso that either party may terminate the contract (where neither party is in default) upon written notice for period of between 30 and 60 days to the other party. Termination in the event of termination for default is effected by the service of notice for lesser periods;

(e) Fluidrive may be subject to warranty claims in respect to the services provided up to 28 months of the build date, depending upon the ultimate cause of the equipment failure. Generally Fluidrive is only liable if the transmission failed by reason of the faulty re manufacture of the transmission by Fluidrive;

(f) Fluidrive is required by one customer to continue to comply with Australian Quality Assurance Standard QS9000, achieve re-certification of compliance with that standard by August 2006 and migrate to the new standard ISO / TS 16949 by December 2006, failing which that customer can terminate the contract upon 10 days notice;

(g) Consent of each of the key customers is required to the assignment of the Fluidrive/customer contracts, which consent is currently being sought and is in any case one of the conditions precedent to the Company's subsidiary being required to purchase Fluidrive. If this consent is not obtained (or waived by the Company) by 31 August 2006 (or any later date agreed), either Fluidrive or the Company may terminate the acquisition contract;

(h) The obligations regarding the equipment used for each customer's service agreement varies. In one case, the customer retains title to the relevant equipment used for servicing that manufacturer's transmissions and in another the relevant manufacturer has a contractual right to purchase from Fluidrive upon termination of its service contract the relevant equipment used by Fluidrive in the operation of the relevant manufacturer's business at their the market value;

(i) Fluidrive is subject to the obligation of maintaining suitable insurances commensurate with the services provided;

(j) the contracts contain the usual and expected provisions relating to the insolvency of Fluidrive,

(k) the contracts detail the quality standards and processes that need to be complied with in the operation of the contracts; and

(l) the customer contracts are subject to the law of various overseas jurisdictions, including in some cases the United States of America and France.

FLUIDRIVE TRADE MARKS LICENCE

Currently the Fluidrive business is branded as "Fluidrive", using that trademark under a pre-existing licence agreement with Fluidrive Corporation Pty Limited (a company associated with the Sellers). Under this licence Fluidrive has an exclusive perpetual right to use the Fluidrive trade mark in its wholesale business.

In addition, as a result of the prior sale of the retail arm of the Fluidrive business, the Fluidrive mark is also used in retail outlets by certain franchisees who have no connection or association with the Fluidrive business or the Allomak group.

11.3.5 Share Sale Agreement – Acquisition of Autolac

Allomak has entered into an agreement dated 14 July 2006 with Robert Hyde and Habost Holdings Pty Ltd (collectively the Sellers) for the acquisition of all of the shares in Autolac Pty Ltd (Autolac). Completion of the agreement is subject to several conditions precedent, including the ASX granting conditional for the admission of Allomak to the ASX Official List by 31 August 2006.

Autolac is involved in the business of supply and distribution of automotive paints and accessories and ancillary goods to the smash repair industry. The business is very much territory driven with logistics and warehousing of products to service the territory an integral part of the business operations.

The purchase price is approximately $950,000 to be adjusted at completion so as to give the effective date of Allomak's entitlement to the profits of the business being as from 1 July 2006. Further the purchase price is subject to an adjustment in respect of the performance of the Autolac business for the 2006, 2007 and 2008 financial years.

Autolac is the owner of the trade mark word "Autolac". A licence agreement for the use of that name has been entered into between Autolac and Autolac Newcastle Pty Limited, for the use of the trade mark in Newcastle. Autolac Newcastle Pty Limited will continue operations independently of Autolac (and for that matter the Allomak group) but is restricted to operations in the Newcastle area.

Restraint provisions form part of the agreement with certain exceptions being noted in respect of interests held by the Sellers in Autolac Newcastle Pty Limited. Because of the territorial nature of the business of Autolac, the exceptions do not impinge upon the existing business of Autolac.

AUTOLAC'S DISTRIBUTION AND SUPPLY ARRANGEMENTS

Distribution and supply agreements are material to the operation of the business of Autolac. There are 5 material contracts and the common thread between all being that the supply and distribution of the products are generally governed by non exclusive specific territories. Consents to the change of control of Autolac are to be obtained from those suppliers prior to completion of the Autolac acquisition by the Company.

The agreements are generally not long term in nature and capable of termination by the supplier on reasonable notice. Sales goals and discounts on products are also common terms throughout the respective agreements as is ownership of the products remaining with the supplier until payment for products is received. Preservation of the supplier's intellectual property rights is also a feature as is rights to change product range.

AGREEMENT BETWEEN AUTOLAC AND DUPONT AUSTRALIA LIMITED (T/AS STANDOX AND DUPONT)

This agreement provides for the distribution by Autolac of a range of Standox and DuPont products. Removal of any of the specified products for sale by Autolac is open to DuPont at any time. The agreement provides that there is no agency relationship between Autolac and DuPont in connection with the agreement and that Autolac have no rights to the intellectual property of DuPont.

In addition to sales goals and objectives, there are obligations on Autolac to maintain adequate stock levels to meet sales, provide safe storage for the products and adopt and apply certain strict criteria, including a stream of documentation for the installation of paint distribution systems. Autolac must participate in promotional activity and trade shows in respect of the products it sells.

AGREEMENT BETWEEN AUTOLAC AND CHEMSPEC COATINGS PTY LIMITED

Autolac has the benefit of a supply and distribution agreement for the distribution of automotive paint and abrasives provided by Chemspec Coatings Pty Limited. The agreement is territory driven with a non exclusive territory applicable as being that of Sydney.

OTHER DISTRIBUTION ARRANGEMENTS

Autolac presently supplies and distributes products supplied by DeBeer, 3M and Rupes Powertools Australia Pty Limited on the suppliers' standard terms and conditions. The products distributed include abrasives, polishing products, powertools (suited to the smash repair industry) and ancillary products for the automotive smash repair industry.

11.4 Underwriting Agreement

The Company has entered into an underwriting agreement dated the same date as the date of this Prospectus with Patersons Securities Ltd and Foster Stockbroking Pty Ltd under which the Underwriters have agreed to underwrite the Offer under the terms and conditions contained in the Underwriting Agreement. The Underwriters will receive fees in connection with this Offer as follows:

- A management fee of 1.0% of the Offer proceeds; and
- An underwriting fee of 4.0% of the Offer proceeds.

The Underwriters will be entitled to receive 1,500,000 options with an exercise price of $0.40 and an expiry date 3 years from date of listing. The Company is also obliged to pay the Underwriters' reasonable costs and outgoings which are incidental to the Offer, including legal fees. The Underwriters must pay all sub-underwriting and selling fees to third parties, excluding the stamping fee payable by the Company.

The Company has agreed to indemnify and keep indemnified the Underwriters and their officers, employees, agents and hold them harmless from and against all prosecutions, losses, claims, expenses, costs and liabilities which they suffer or incur arising directly or indirectly out of the Offer, the Company's breach of the Underwriting Agreement or any misstatements or omissions in the Prospectus.

The Underwriting Agreement provides that the Underwriters may terminate their obligation to underwrite the Offer at any time prior to the date on which allotment of the last of the New Shares occurs if:

(a) any of the All Ordinaries Index or the All Industrial Index as published by ASX is at any time after the date of this Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of this Underwriting Agreement; or

(b) the Company fails to lodge the Prospectus within an agreed time or withdraws the Offer, or fails to provide the Underwriters with the agreed number of copies of the Prospectus; or

(c) ASX does not agree to grant quotation within an agreed period or, such quotation having been granted, is subsequently withdrawn, withheld or qualified; or

(d) the Underwriters form the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriters may reasonably require; or

(e) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriters; or

(f) the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company or the rights and liabilities attaching to the Offer Shares; or

(g) there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus; or

(h) any person (other than the Underwriters) who have previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;

(i) an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus and that application has not been dismissed or withdrawn by the relevant shortfall notice deadline date; or

(j) ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or of the Corporations Act;

(k) the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act;

(l) there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

(m) any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriters;

(n) a director or senior manager of the Company or any subsidiary of the Company is charged with an indictable offence;

(o) Subject to the materiality threshold outlined below, any of the following events occurs:

- (i) default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking or the Underwriting Agreement is or becomes untrue or incorrect; or
- (ii) a contravention by the Company or any subsidiary of the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
- (iii) an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any subsidiary of the Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriters' reasonable opinion, unlikely to be met in the projected time; or
- (iv) any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them; or
- (v) a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
- (vi) without the prior approval of the Underwriters a public statement is made by the Company in relation to the Offer or the Prospectus; or
- (vii) any information supplied at any time by the Company or any person on its behalf to the Underwriters in respect of any aspect of the Offer or the affairs of the Company or its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive; or
- (viii) the official quotation is qualified or conditional; or
- (ix) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States

or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or

(x) other than as contemplated by this Prospectus the Company changes or agrees to change its share capital, disposes of or agrees to dispose of substantial assets, grants charges over its assets, resolves to be wound up or if certain insolvency events occur other than as disclosed in the Prospectus; or

(xi) the Company suspends payment of its debts generally; or

(xii) an Event of Insolvency occurs in respect of the Company or a subsidiary; or

(xiii) a judgment in an amount exceeding $100,000 is obtained against the Company or a subsidiary and is not set aside or satisfied within 7 days; or

(xiv) litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or a subsidiary, other than any claims foreshadowed in the Prospectus ; or

(xv) there is a change in the composition of the board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriters; or

(xvi) there is a material change in the major or controlling shareholdings of the Company or a subsidiary or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or a subsidiary; or

(xvii) there is a delay in any specified date in the timetable set out in the Underwriting Agreement which is greater than 3 Business Days; or

(xviii) a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or

(xix) the Company or a subsidiary passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriters; or

(xx) the Company or a subsidiary alters its capital structure in any manner not contemplated by the Prospectus; or

(xxi) any of the material contracts detailed in Section 11 of the Prospectus is terminated or substantially modified; or

(xxii) any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a subsidiary; or

(xxiii) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom or the United States of America, or other international financial markets; or

The Underwriters may not terminate for any of the events which are subject to a materiality threshold (only in the case of events in paragraph (o) above) unless in the reasonable opinion of the Underwriters reached in good faith, the occurrence of such a termination event has or is likely to have, or two or more termination events together have or are likely to:

- have a material adverse effect; or
- could give rise to a liability of the Underwriters under the Corporations Act of otherwise.

11.5 Other Material Contracts

Executive Employment Agreements

Executive Employment Agreements have been signed with Mr Christopher Hodges and Mr Peter Humphris dated 31 May 2006. Each of these agreements may be terminated by Allomak with 3 months written notice provided that such right shall have no application prior to the deferred payments being made under the acquisition agreement relative to Stor Pty Ltd, trading as Dyno Dynamics. The agreements relevant to Mr Hodges or Mr Humphris may be terminated by the respective individual by giving three months notice in writing. Mr Hodges and Mr Humphris each receive a commercial remuneration commensurate with their role responsibilities.

Executive Employment Agreements are expected to be signed by Mr Ray Smith- Roberts, Mr Rob Hyde and Mr Joseph Shneider on completion of the acquisition of the Operating Companies.

Directors Appointment Agreements

Terms of Executive Director and Non-Executive Director remuneration are summarised in Section 7.5 under related party transactions.

11.6 Option and Share Plans

The Company has adopted an Employee Share Option Plan, an Executive Share Option Plan and a Dividend Reinvestment Plan. Details of each plan are summarised below.

(a) Employee Share Option Plan

The Company has adopted an employee share option plan (Plan) to foster an ownership within the Company and to employees to achieve performance targets of the Company and/or their respective business units. As at the date hereof no shares or options have been issued under the Plan, which is to be administered by the Directors (Directors). Selected employees of the Company and its subsidiaries (Group) and the Directors (together the "Participants") are eligible to participate in the Plan at the absolute discretion of the Board.

The aggregate number of Options which may be issued pursuant to the Plan shall not at any time exceed 5% of the total number of issued shares of the Company.

Shares issued under the Plan must rank equally in all respects with other Shares from the date of issue, subject to the satisfaction of any applicable escrow or like restrictions.

The Exercise Period in relation to an Option means the period in which the Option may be exercised specified by the Board subject to any variation under rules.

(b) Executive Share Option Plan

The Company has adopted an executive share option plan (Plan) which is to be administered by the Directors (Directors) to foster an ownership culture within the Company and encourage achievement of performance targets of the Company and/or their respective business units. As at the date hereof no options have been issued under the Plan. Selected executives of the Company and its subsidiaries (Group) and the Directors (together the "Participants") are eligible to participate in the Plan at the absolute discretion of the Board.

Shares issued under the Plan must rank equally in all respects with other Shares from the date of issue, subject to the satisfaction of any applicable escrow or like restrictions.

The Exercise Period in relation to an Option means the period in which the Option may be exercised specified by the Board subject to any variation under rules.

(c) Initial Options

The Company established five series of options prior to its initial public offering with details as below:

Description	Terms	Class or individuals
Series A Options	Exercise Price: 40c • Vesting Hurdle: 12 months Period 5 years from grant	Non-executive Directors
Series B Options	Exercise Price: 40c • Vesting hurdle: 24 months Period: 5 years from grant	Non-executive Directors
Series C Options	Exercise Price: 47c • Immediate Vesting Period 5 years from grant	Executive Directors
Series D Options	Exercise Price: 57c • Immediate Vesting Period 5 years from grant	Executive Directors
Series E Options	Exercise Price: 40c • Immediate Vesting Period 3 years from grant	Underwriters

In aggregate, Allomak has prior to the issue of this Prospectus granted 15,620,000 options. See Section 11.7 and Section 7, Note 13 for details of the number of options granted in each of the above series.

(d) General Shareholder Dividend Re-Investment Plan

The Company has established a divided re-investment plan, which plan may be applied to dividends paid from time to time. The Board reserves the right to obtain underwriting for the issue of Shares pursuant to the Dividend Re-investment Plan. The substantive provisions of the Dividend Re-investment Plan are summarised below.

ELIGIBLE MEMBERS

Shareholders who may participate in the Dividend Re-investment Plan comprise Shareholders:

(a) whose address, as it appears in the register of members of the Company, is situated in Australia; or

(b) whose address, as it appears in the register of members of the Company, is situated outside Australia and who have produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any government or governmental authority in relation to participation in the Plan have been obtained and that such participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction.

APPLICATION

Eligible Members may elect to participate in the Dividend Re-investment Plan in respect of all or part of their Shares in the Company which will comprise that member's Dividend Re-investment Plan Shares. The Directors may in their absolute discretion accept or refuse any application to participate.

SUBSCRIPTION PRICE

Shares allotted to participants will be allotted at the weighted average market price of Shares sold on the ASX on the books closing date for the relevant dividend and the 3 trading days preceding that date. The Board may discount the issue price by up to 5%.

INVESTMENT OF DIVIDENDS

In respect of each cash dividend from time to time due and payable to a participant in respect of the member's Dividend of Re-investment Plan Shares, the Directors will on behalf of and in the name of the participant subscribe for Shares being the maximum number of Shares which could be acquired by subscription by the application of that participant's entitlement to dividends in respect of the Dividend of Re-investment Plan Shares to the subscription for Shares at the subscription price.

RANKING OF SHARES

All Shares allotted and issued under the Dividend Re-investment Plan will rank equally in all respects with existing Shares.

ASX LISTING

The Company will make application promptly after each allotment of Shares for quotation of such Shares on the official list of the ASX.

VARIATION OR TERMINATION OF PARTICIPATION

A participant may apply to increase or decrease the number of Plan Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the Dividend Re-investment Plan by notice in writing to the Company.

11.7 Interests of, and Consents of, the Directors and Advisers

(a) Responsibility for and consents to the issue of the Prospectus

The Company has authorised and caused the issue of this Prospectus. The Company and the Directors are wholly responsible for its contents. None of the parties referred to below has made, or has purported to make, any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below.Each of these parties, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than a reference to its name and a statement or report included in this Prospectus with the consent of that party as specified below.

PKF CORPORATE ADVISORY SERVICES (NSW) PTY LTD

PKF Corporate Advisory Services (NSW) Pty Ltd has given, and not withdrawn, its written consent to being named Independent Accountant for Allomak in the Prospectus in the form and context in which it is named and the issue of the Prospectus with its Independent Accountant's Report dated 21 July 2006 in the form and context in which it is included and with all references to that report in the Prospectus including references in Sections 7 and 8 of the Prospectus and its Independent Accountants Report being included in the form and the context in which those references are included.

PKF Corporate Advisory Services (NSW) Pty Ltd has only participated in the preparation of the Prospectus to the extent of preparing its Independent Accountants Report described above, and:

- has only authorised or caused the issue of those parts of the Prospectus which contain its report; and
- was not involved in the preparation of any other part of the Prospectus and did not authorise or cause the issue of any other part of the Prospectus.

Except as provided above PKF Corporate Advisory Services (NSW) Pty Ltd does not make, or purport to make, any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding, and takes no responsibility for, any statement in or omitted from this Prospectus.

PKF CHARTERED ACCOUNTANTS AND BUSINESS ADVISERS

PKF Chartered Accountants and Business Advisers has given, and not withdrawn, its written consent to being named as Auditor in the form and context in which it is named.

REGISTRIES LIMITED

Registries Limited has given and not withdrawn its written consent to be named herein as the share registry to Allomak in the form and context in which they are so named. Registries Limited has had no involvement in the preparation of this Prospectus and has not given any professional or other advice in respect of any other part thereof. Registries Limited does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

MIDDLETONS LAWYERS

Middletons have given and not withdrawn their written consent to be named herein as legal advisors to Allomak in the form and context in which they are so named. Middletons does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

UNDERWRITERS

Patersons Securities Ltd and Foster Stockbroking Pty Ltd have given and not withdrawn their written consent to be named herein as the Underwriter for the Offer in the form and context in which they are so named.

(b) Costs

Except as otherwise set out below, no expert or professional adviser named herein now has or during the last two years has had any interest in the promotion of Allomak, or any property proposed to be acquired by Allomak in connection with its formation or promotion or the Offer.

Further, no sums have been paid or agreed to be paid to for services rendered by the expert or professional adviser in connection with the promotion or formation of Allomak or the Offer save and except as set out below:

- In accordance with the terms of their engagement, PKFCA has prepared its Investigating Accountants Report as contained herein and which form part of this document. In aggregate, for work related to this Offering and due diligence activities on the Acquisitions of the Operating Companies, PKFCA will be paid $290,000 for services performed up to the date hereof;
- In accordance with the terms of its engagement, Middletons as lawyers for Allomak will be paid cash of circa $180,000 (plus GST) for services provided in connection with this Offer and were paid fees on normal time based rates for acting in relation to the Acquisitions and may in the future receive further payments in accordance with their normal time based charges for future work; and
- The Underwriters will receive a management fee and commission totalling circa $1,180,000 (plus GST) from the amount raised under this Prospectus together with 1,500,000 Series E options as per Section 7, Note 13 and reimbursement of certain other underwriting expenses as referred to in the Underwriting Agreement.

(c) Directors' Share Qualifications, Remuneration and Interests

Except as disclosed in the Prospectus, no Director or proposed Director of the Company, or firm in which a Director or proposed Director is a partner, has any interest, nor has had any interest for registration, or has received or is entitled to receive any sum for services rendered by either him or the firm to induce him to become or qualify him as a Director, or otherwise in connection with the promotion or formation of the Company or in the property proposed to be acquired by the Company in connection with its promotion or formation.

(d) Shareholding Qualifications & Remuneration

The Directors of the Company are not required under the Constitution of the Company to hold any shares in the Company in order to qualify as directors of the Company.

While the Constitution provides that the Directors are entitled to remuneration as determined by the Company in general meeting, but until so determined, such remuneration must not exceed $240,000. It is not intended that the Directors will increase the payment of fees to directors except with the specific approval of the shareholders. The Constitution provides that non-executive Directors will be paid out of the funds of the Company, by way of remuneration for their services, such fixed sum as is determined by the Company in general meeting from time to time to be apportioned between them in such manner as the Directors, in their absolute discretion, determine.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for any disbursements or any other out of pocket expenses incurred as a result of the directorship or any special duties.

The maximum aggregate remuneration has been fixed to enable the Company to pay Director's fees to any new Non-Executive Director that may be appointed to the Company post float or to allow for increases in the level of fees over time.

Mr Robert Allan is the Managing Director and a full-time employee of the Company. Mr Allan is to receive remuneration as set out in Section 11.7. Mr Allan has signed an Executive Service Agreement for a term of 3 years. No Directors' fees are paid to Mr Allan in addition to his executive salary.

Mr John Worton is an Executive Director and an employee of the Company. Mr Worton is to receive remuneration as set out in Section 11.7. Mr Worton has signed an Executive Service Agreement for a term of 3 years. No Directors' fees are paid to Mr Worton in addition to his executive salary.

(e) Directors' Interests in Securities

Set out below are details of the interests of the Directors in the Shares and other securities of the Company immediately prior to lodgement of the Prospectus with the ASIC for registration. Interests include those held directly and indirectly:

Director	Ordinary Shares	Options
Anthony McLellan	Nil	Series A options: 280,000 Series B options: 280,000
Robert Allan	11,025,890	Series C Options: 4,875,000 Series D Options: 4,875,000
Wendy Simpson	Nil	Series A options: 280,000 Series B options: 280,000
John Worton	332,585	Series C Options: 1,625,000 Series D Options: 1,625,000

Further, no sums have been paid or agreed to be paid to a Director in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director or otherwise for services rendered by him/her in connection with the promotion or formation of Allomak or the Offer save and except as disclosed in this Prospectus.

(f) Remuneration of Directors

The Directors are entitled to a base remuneration as set out below:

Name	Position	Base Remuneration	Superannuation & Other Benefits	Total
Mr A Anthony McLellan	Independent Chairman	$55,046	$4,954	$60,000
Mr Robert Allan	Managing Director	$152,314	$12,686	$165,000*
Ms Wendy Simpson	Non-Executive Director	$27,523	$2,477	$30,000
Mr John Worton	Executive Director	$120,000	$10,800	$130,800*

*These amounts do not include participation in the Allomak ESOP or any performance bonus as described at Section 11.5 to be paid under the authority of the Board of Directors. For details of the options granted to Directors see Section 11.7.

(g) Agreements with Directors

Allomak has entered into agreements with each Director with respect to their services as a Director as follows:

- Directors' deeds of indemnity, insurance and access (as referred in Section 11);
- Executive employment agreements with Mr Robert Allan and Mr John Worton (as referred to in Section 11 and summarised in Section 7).; and
- Letters of appointment to Mr A Anthony McLellan and Ms Wendy Simpson (as referred to in Section 11 and summarised in Section 7).

Some of the Directors have or may agree with the Underwriter to sub-underwrite part of this Offer on terms no more favourable than offered by the Underwriter to other sub-underwriters.

Other than as set out herein, no Director and no firm in which a Director is a partner, has an interest in the promotion of, or in any property proposed to be acquired by, Allomak and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any Director or to any firm in which a Director is a partner, either to induce him to become, or to qualify him as a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of Allomak.

(h) Underwriter's Disclosure

The Underwriters have been granted by the Company for nil cash consideration 1,500,000 options to purchase Shares at the listing price, exercisable by payment by the Underwriter as set out in Section 11.

(i) Related Party Transactions

All related party transactions are disclosed and summarised in Section 7.

11.8 General

(a) Costs of the Offer

If the Offer proceeds, the total estimated costs of the Offer, including legal fees incurred, registration fees, fees for other advisors, prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately $1,965,000 (Cash cost $1,880,000). Prior to the issue of this Prospectus, the Company paid $300,000 of this cash cost.

(b) Legal Proceedings

There is no litigation of a material nature or threatened which may significantly affect the Company or its activities.

(c) Privacy Statement

When making an Application, Applicants will be required to provide personal information to the Company and the Registrar. The Company and the Registrar will collect, hold and use an Applicant's personal information in order to assess the Application, service the Applicant's needs as an investor, provide facilities and services that an Applicant requests and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If an Applicant does not provide the information requested, the Application may not be able to be processed efficiently, or at all.

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

- the Underwriters in order to assess the Application;
- the Registrar for on-going administration of the register;
- the printers and the mailing house for the purpose of preparation and distribution of statements and for handling of mail; and
- if applicable, the Company in order to verify that an investor qualifies as an employee of the Group.

If an Applicant becomes a Shareholder, the Applicant's information may also be used or disclosed from time to time to inform the Applicant about the Company's products or services that the Company thinks may be of interest to the Applicant. If an Applicant does not want personal information to be used for this purpose, the Applicant should contact the Company.

The information may also be disclosed to companies within the Group and to their agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

Under the Privacy Act 1988 (Cth), an Applicant may request access to personal information held by (or on behalf of) the Company or the Registrar. An Applicant can request access to personal information by telephoning or writing to the Company.

11.9 Authorisation

This Prospectus is issued by the Company. Its issue was authorised by a resolution of the Board of Directors on 21 July 2006.

Mr A. Anthony McLellan

Mr Robert Allan

Ms Wendy Simpson

Mr John Worton

S12 Defined Terms

In this Prospectus, unless the context otherwise requires:

$** or **A$ means Australian dollars.

Acquisitions means the Acquisitions by Allomak of Autolac, Barjo, Dyno Dynamics, ECB and Fluidrive – the material terms of which are summarised in Section 11.3.

Allomak group means the group of companies being Allomak Limited (as the holding company) and the Operating Companies.

Annualised Yield From anticipated quotation to 30 June 2007 and calculated as (3.20/40.00 cents)* (365/310).

AEST means Australian Eastern Standard Time.

Applicant means a person who makes an application for Shares.

Application means an application for Shares under this Prospectus made by an Applicant under an Application Form.

Application Form means the form accompanying or attached to this Prospectus after this Section 12 by which an Applicant may apply for Shares.

ASIC means the Australian Securities and Investments Commission.

ASTC means the ASX Settlement and Transfer Corporation Limited (ACN 008 504 532).

ASTC Settlement Rules means the settlement rules of ASTC from time to time.

ASX means the Australian Stock Exchange Limited (ACN 008 624 691).

ASX Listing Rules means the official listing rules of the ASX.

Autolac means the business conducted under the name / style of "Autolac", acquired by Allomak as referred to in Section 11.3.5.

Automotive Aftercare means that part of the automotive industry chain representing all goods and services supplied after a new car is sold.

Barjo or **Barjo Manufacturing** means the business conducted under the name/style of "Barjo", acquired by Allomak as referred to in Section 11.3.3.

Board means the board of directors of the Company.

Business Day means a day that is not a Saturday, Sunday or a public holiday.

CHESS means the Clearing House Electronic Sub-register System.

Closing Date means the date on which the Offer closes.

Company or **Allomak** means Allomak Limited ACN 113 883 560.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company from time to time.

Dyno Dynamics means the business conducted under the name / style of "Dyno Dynamics", acquired by Allomak as referred to in Section 11.3.1.

ECB means the business conducted under the name / style of "ECB" or "East Coast Bullbars" and to be acquired immediately prior to Listing by Allomak as referred to in Section 11.3.2.

EBIT means earnings before tax and interest.

EV means enterprise value and is calculated as equity value plus total debt less cash.

Existing Shares means the issued Shares immediately prior to the allotment of Shares under the Offer.

Exposure Period means the period of 7 days (or 14 days extended by ASIC) after the lodgement of the Prospectus with the ASIC during which the Company may not accept Applications.

Gross Margin means the percentage ratio of gross profit (after charging of direct costs of sales) to sales.

Fluidrive means the business conducted under the name/style of "Fluidrive" or "Fluidrive Technologies" and to be acquired immediately prior to Listing by Allomak as referred to in Section 11.3.4.

Forecasts means the forecast financial information, as set out in Section 7.2 of the Prospectus, comprises the Directors' consolidated forecast results for the Company for the years ending 30 June 2006 and 30 June 2007

FY means a financial year.

Listing means the admission of the Company to the Official List of the ASX and quotation of the Shares.

NPAT means net profit after tax.

NPBT means net profit before tax.

NTA means net tangible assets.

OEM/s means original equipment manufacturer/s.

Offer means the offer of 59 million ordinary Shares under this Prospectus.

Offer Price means $0.40 per Share.

Official List means the official list of the ASX.

Official Quotation means official quotation of the Shares on the Official List.

Opening Date means the date the Offer opens.

Operating Companies means each of the companies conducting the businesses under the name/style of Autolac, Barjo, Dyno Dynamics, ECB and Fluidrive.

PE means price earnings ratio.

Prospectus means this document dated 21 July 2006.

Registrar means Registries Limited.

ROA means return on assets and is calculated as EBIT divided by the sum of total assets less cash.

ROE means return on equity and is calculated as NPAT divided by total equity.

Share means a share in the issued capital of the Company.

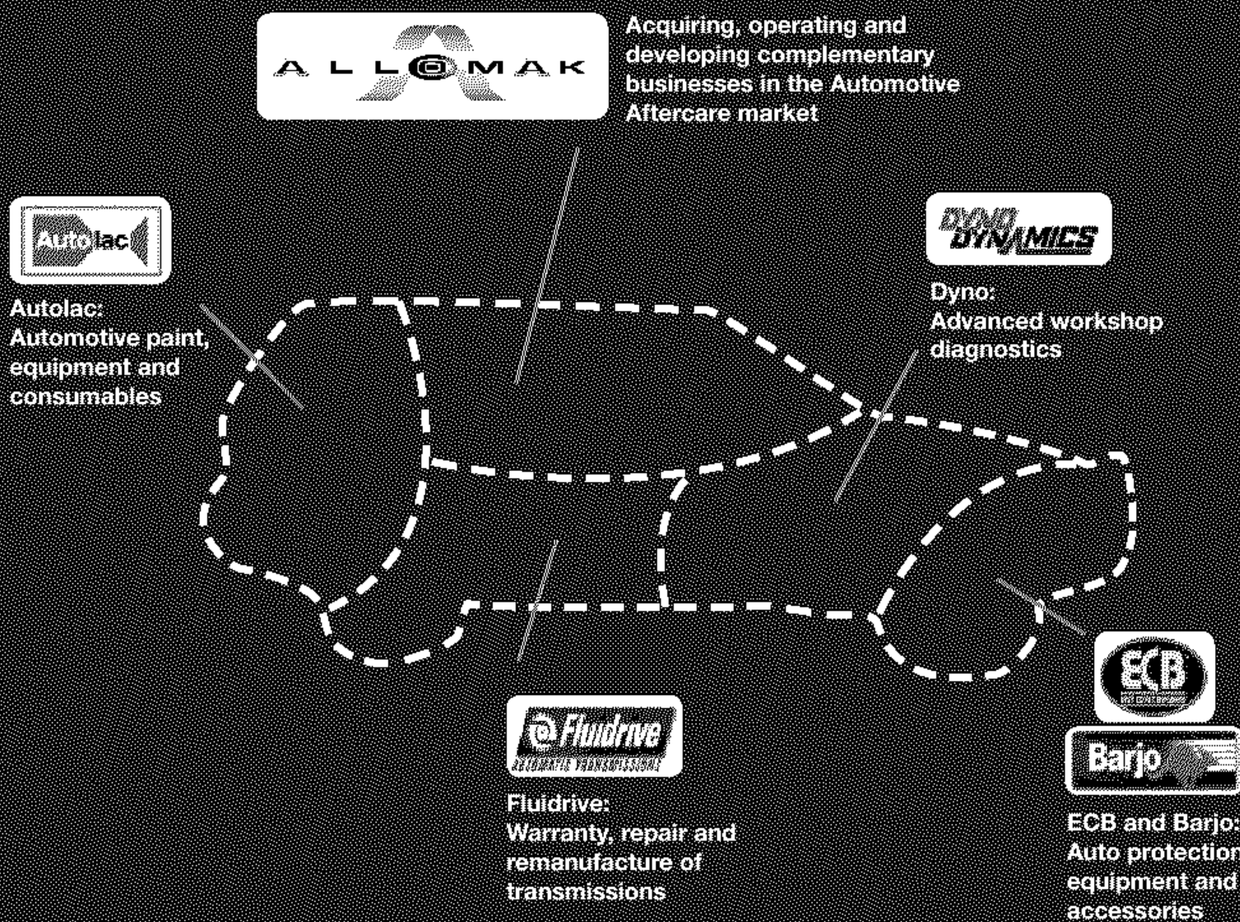
Shareholder means a person who holds Shares.

Underwriter means the underwriters to this Offer, Patersons Securities Ltd and Foster Stockbroking Pty Ltd.

Underwriting Agreement means the agreement dated the same date as this Prospectus between the Underwriters and the Company to underwrite the Offer.

VWAP means the volume weighted average share price.

Investment Overview



Attractively priced:
- PE 8.40
- EV/EBIT 5.88

Solid return:
- FY07 dividend yield 8.00% fully franked

Healthy margins:
- Gross Margins – approximately 50%

Attractive capital structure:
- All existing Shares and vendor equity will be escrowed for at least 12 months

Low gearing:
- Net cash position

Strong forecast profitability:
- FY07 ROA 19%
- FY07 ROE 17%

Application Form

PIN CHEQUE(S) HERE

Broker Reference – Stamp Only

Broker Code

Advisor Code

Allomak Ltd

ACN 113 883 560

Fill out this Application form if you wish to apply for shares in Allomak Ltd.

- Please read the Prospectus dated 21 July 2006.
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

A Number of shares you are applying for x $0.40 per share = **B Total amount payable**

Minimum of 5,000 shares to be applied for, and thereafter in multiples of 2,500 shares.

C Write the name(s) you wish to register the shares in (see reverse for instructions)

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D Write your postal address here

Number / Street

Suburb/Town State Postcode

E CHESS participant – Holder Identification Number (HIN)

X

Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Notes issued as a result of your application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1 Applicant #2

Applicant #3

G Cheque payment details

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A$

H Contact telephone number (daytime/work/mobile) **Email address**

J Shareholder Communication (Tick all boxes that apply)

- ☐ I do not wish to receive an Annual Report
- ☐ Please email notification when the Annual Report is available to download from the Company's website
- ☐ Yes I am happy to receive all other notices and reports via the email address listed in "H" above

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

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.

The instructions are cross-referenced to each section of the Application Form.

Guide to the Application Form

Instructions

A. If applying for Shares insert the number of Shares for which you wish to subscribe at Item A (not less than 5,000 and then in multiples of 2,500). Multiply by $0.40 AUD to calculate the total for Shares and enter the $ amount at B.

C. Write your full name. Initials are not acceptable for first names.

D. Enter your postal address for all correspondence. All communications to you from Allomak Ltd will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.

NB: your registration details provided must match your CHESS account exactly.

F. Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

G. Complete cheque details as requested. Make your cheque payable to Allomak Share Subscription Account in Australian currency, cross it and mark it "Not Negotiable". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.

H. Enter your contact details so we may contact you regarding your Application Form or Application Monies.

I. Enter your email address so we may contact you regarding your Application Form or Application Monies or other correspondence.

J. Tick your preferences for receipt of company correspondence via electronic means.

Correct forms of registrable title

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

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	Mr John Smith & Mrs Mary Smith <Smith Family Super Fund A/C>	John & Mary Smith Superannuation Fund

Lodgement

Mail your completed Application Form with cheque(s) attached to the following address:

Delivery address:	Mailing address:
Allomak Ltd	Allomak Ltd
C/- Registries Limited	C/- Registries Limited
Level 2	PO Box R67
28 Margaret Street	Royal Exchange
SYDNEY NSW 2000	SYDNEY NSW 1223

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Patersons Securities Limited on: Tel: (02) 8238 6247.

By submitting this Application form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Allomak Ltd. I/We was/were given access to the Prospectus together with the application form. I/We represent, warrant and undertake to the Company that our subscription for the above shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for shares in the Company.

Privacy Statement

Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) 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 the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website

http://www.registriesltd.com.au/help/share_privacy.html

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Broker Reference – Stamp Only

Broker Code

Advisor Code

Allomak Ltd

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x $0.40 per share =

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NB: your registration details provided must match your CHESS account exactly.

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I. Enter your email address so we may contact you regarding your Application Form or Application Monies or other correspondence.

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Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
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SYDNEY NSW 2000	SYDNEY NSW 1223

It is not necessary to sign or otherwise execute the Application Form.

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By submitting this Application form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Allomak Ltd. I/We was/were given access to the Prospectus together with the application form. I/We represent, warrant and undertake to the Company that our subscription for the above shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for shares in the Company.

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Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) 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 the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

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http://www.registriesltd.com.au/help/share_privacy.html

Corporate Directory

Directors

Mr A. Anthony McLellan	Non-Executive Chairman
Mr Robert Allan	Managing Director
Ms Wendy Simpson	Non-Executive Director
Mr John Worton	Executive Director

Company Secretary

Ms Tracey O'Neill

Registered Office

Level 6, 4 Martin Place, Sydney NSW 2000
Ph: 02 9230-0388
Fax: 02 8569-0942

Underwriters

Patersons Securities Ltd
Level 27 Australia Sq.
264 George St
Sydney NSW 2000

Foster Stockbroking Pty Ltd
Level 21, 25 Bligh Street
Sydney NSW 2000

Investigating Accountant

PKF Corporate Advisory Services (NSW) Pty Ltd
Level 10, 1 Margaret Street,
Sydney NSW 2000

Share Registry

Registries Limited
Level 2, 28 Margaret Street
Sydney NSW 2000

Solicitors to the Offer

Middletons Lawyers
Level 29, 200 Queen Street
Melbourne, VIC, 3000

Auditors

PKF Chartered Accountants and Business Advisors
Level 10, 1 Margaret Street,
Sydney NSW 2000

LEAD MANAGERS & UNDERWRITERS:

PATERSONS
THE AUSTRALIAN STOCKBROKER

FOSTER STOCKBROKING

ALLOMAK