Beacon Lighting Group Limited

PROSPECTUS

For the offer of 96,750,000 shares at $0.66 each

Underwritten by Morgans Corporate Limited

ACN 164 122 785

Important Notice

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

This Prospectus is dated 12 March 2014 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of this Prospectus is the date that is 13 months after the date of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after that expiry date.

You should read this Prospectus in its entirety before deciding to complete and lodge an Application Form. In particular, in considering the prospects of the Company you should consider the assumptions underlying the financial forecast year ending 29 June 2014 and the risk factors that could affect the financial performance of the Company. Some of the risk factors that should be considered by potential investors are outlined in Section 7.

However, the information provided in this Prospectus is of a general nature only and is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, situation, tax position and particular needs. Before applying for Shares, you should consider whether this is a suitable investment for you in light of your personal circumstances (including your investment objectives, financial situation and taxation position and particular needs and having regard to the merits and risks involved). If you have any questions about the Offer you should seek professional advice from your stockbroker, accountant, solicitor or other professional adviser before deciding to invest.

The Offer contained in this Prospectus is available to Australian residents. Please refer to Section 11.10 for additional information on selling restrictions that may apply to Shares in jurisdictions outside Australia.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company or its Directors.

Defined terms and abbreviations used in this Prospectus are explained in the Glossary found in Section 12.

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

Contents

Key Information

Key Dates

Prospectus date	12 March 2014
Offer opens	24 March 2014
Offer closes	4 April 2014
Allotment of Shares	9 April 2014
Despatch of Shareholder statements	10 April 2014
Shares expected to commence trading on ASX (Code: BLX)	15 April 2014

Note

All the above dates are indicative only. The Company, in agreement with the Underwriter, reserves the right to vary these dates, including closing the Offer early or withdrawing the Offer, to extend the Closing Date or to accept late Applications (either generally or in particular cases) without notifying any recipient of this Prospectus or any Applicants.

Key Offer Statistics

Offer Price per Share	$0.66
Number of Shares available under the Offer	96,750,000
Gross proceeds of the Offer	$63,855,000
Total number of Shares following the Offer	215,000,000

Financial Information Summary

The table below is a summary of the Company's historical financial information for the financial years ended 24 June 2012 and 30 June 2013 and the half year ended 29 December 2013, as well as the forecast financial information for the financial year ending 29 June 2014. This information is intended as a summary only. More detailed financial information can be found in Sections 8 and 9.

Financial Information Summary	FY 2012 (pro forma)	FY 2013 (pro forma)	H1 FY 2014 (pro forma)	FY 2014 (pro forma)
	'000	'000	'000	'000
Sales Revenue	$120,626	$132,932	$74,497	$150,261
EBITDA	$15,864	$16,615	$10,965	$19,265
EBIT	$14,033	$14,511	$10,034	$17,202
NPAT	$9,286	$9,456	$6,684	$11,461
Earnings per Share				5.3 cents
Dividend per Share				1.4 cents[1] fully franked
Market Capitalisation at Offer Price				$141.9 million
Price earnings ratio				12.38 times
Annualised dividend yield				4.24%[2]

1. The forecast dividend per Share is payable with respect to the half year ending 29 June 2014.
2. The annualised dividend yield is determined by expressing twice the half year forecast dividend of 1.4 cents per Share as a percentage of the Offer Price. It excludes the benefit of franking credits.

Store Details

Store Details	24 June 2012	30 June 2013	29 December 2013	29 June 2014 (forecast)
Company Operated Stores	58	64	68	71
Franchised Stores	16	15	15	14
Total Stores	74	79	83	85

Questions

If you have any questions in relation to the Offer, please contact the Underwriter on 134 226.

Chairman's Letter

Ian Robinson
Executive Chairman

12 March 2014

Dear Investor,

On behalf of the Directors, it is my great pleasure to invite you to become a shareholder of Beacon Lighting Group Limited.

For over 40 years Beacon Lighting has developed a proven business model that strives to be at the forefront of product development, bringing the latest fashion, trends and technically advanced products to our valued customers. Our exciting range of products including exclusive lighting, ceiling fans and globes, plus the dedication and knowledge of our Team Members puts Beacon Lighting in a prominent position within speciality lighting retail.

I have seen Beacon Lighting grow and prosper through many different stages, on its way to the prominent position it holds today. It has done so through a well considered store rollout program and a conservative approach to business, built over the years, largely from re-invested earnings. I am excited to see our family business move into its next phase, as a listed public company.

Our business is vertically integrated from design and development, sourcing, supply chain and finally to in-store retail. This has the advantage of supporting strong gross margins. We have shown steady and consistent sales growth over the years and we forecast to finish the 2014 financial year with record sales and profit driven by growth in comparative store sales.

The lighting market is in the early stage of a dynamic period of change and we expect to see significant opportunities develop both in Australia and overseas. This is best expressed by the words of Bryan Douglas CEO of Lighting Council Australia who stated in 2011 that;

> *"The world's lighting industry is undergoing profound change, driven by innovation and the ever-increasing demand for more energy efficient products. Massive investment in solid state lighting will see the advent of LEDs as mainstream light sources in the near future, as the technology improves and prices reduce. Government regulation will inexorably drive change by mandating efficiency levels that only the better products can meet."*

Beacon Lighting is in a great position to take advantage of this changing market, having excellence in product development, capacity to bring technological change to market, a strong and trusted brand and the business infrastructure required to support these changes.

Beacon Lighting has always had an inclusive and open culture and through this we strive for continual improvement. We invest heavily in training, and our talented Team Members are well equipped to handle the technical changes and advancement within our industry. Beacon Lighting has many well established internal departments, like our store operations, product development, marketing, logistics and information technology teams. These departments have honed their skills over many years. This refinement of departments and systems gives us the ability to stand equal with the best performing retail businesses in Australia.

We believe the Offer will set the best course, and is an integral part, for our continued growth. Listing on the ASX has been a goal of ours for many years and is an important milestone achievement.

Detailed information about the Offer and Beacon Lighting are set out in this Prospectus and I encourage you to read it carefully. Some of the key risks that Beacon Lighting may face include adverse changes in the retail environment and general economic conditions. See Section 7 for further information about the key risks of investing in Beacon Lighting.

The Directors and senior management are excited about the future of Beacon Lighting and we look forward to welcoming you as a Shareholder.

Yours faithfully,

Ian Robinson
Executive Chairman

Beacon Lighting Group Ltd 5 Bastow Place, Mulgrave, VIC 3170. PO Box 108, Mount Waverley, VIC 3149
Phone +613 8561 1555 **Fax** +613 8561 1566. **www.beaconlightinggroup.com.au ACN** 164 122 785

1. Answers to Key Questions

Topic	Summary	Where to Find More Information
What is the Offer?	The Offer is an invitation to subscribe for 96,750,000 Shares that will be issued by the Company.	Section 3
What is the purpose of the Offer?	To purchase the 45% interest in Beacon Lighting Corporation Pty Ltd **(BLC)** held by the Exiting Party. Following this, all entities that comprise the Beacon Lighting group will be owned 100% by the Company.	Sections 3.3 and 10.2
What will happen at completion of the Offer?	Following completion of the Offer and in addition to the above, Heystead, a company controlled by the Robinson family, will own 118,250,000 Shares (55%) and investors in the Offer will own 96,750,000 Shares (45%).	Section 3.4
What are the investment financial metrics?	The Offer provides investors with an opportunity to invest in an organisation that is Australia's largest and leading retail lighting specialist. The key investment features of the Offer are as follows: • The market capitalisation of the Company at the time of listing implies a price to earnings ratio of 12.38 times. • Successful Applicants will be eligible to receive an expected fully franked dividend of 1.4 cents per share for the half year ending 29 June 2014. This applies even though the expected time for the allotment of Shares is 9 April 2014. • The Robinson family company Heystead with a 55% holding has agreed to a two year voluntary escrow.	Sections 2, 4 and 11.6
What is the Offer Price?	$0.66 per Share.	Section 3
What is the minimum Application amount?	Applications must be for a minimum of 4,000 Shares, which equates to a minimum Application amount of $2,640.	Section 3
How do I apply for Shares?	You may apply for Shares by submitting a valid Application Form accompanying this Prospectus in accordance with the instructions contained within.	Section 3.7
What is the allocation policy?	The allocation of Shares will be determined by the Underwriter in consultation with the Company, having regard to the following factors: • desire to foster a stable, long-term Share register; • desire for a liquid and informed trading market for the Shares; • overall level of demand for Shares under the Offer; and • any other factors that the Underwriter or the Company considers appropriate. Allocations of Shares may only be secured through the priority offer or the broker firm offer. There is no general public offer.	Section 3.9
Is the Offer underwritten?	Yes, the Offer is underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement.	Section 10.1

Topic	Summary	Where to Find More Information
What is the Company's debt profile?	The Company has no long term bank borrowings and has a cash position of $7.0 million at 28 February 2014. The Company does utilise trade finance and hire purchase facilities.	Section 8.9.1
What is the dividend policy and when will I receive dividends?	The Directors propose a dividend of 1.4 cents per share fully franked for the half year ending 29 June 2014. Thereafter, it is expected that fully franked dividends of between 50% and 60% of NPAT will be paid annually in March and September.	Section 3.6
What are the costs of the Offer payable by the Company?	The Company's costs of the Offer are estimated to be approximately $1,975,000. This excludes the 2.25% underwriting fee which the Company is not ultimately liable for as it is payable by the Exiting Party.	Sections 10.1 and 11.5
What are the tax implications of investing in the Company?	Shareholders will generally be subject to Australian tax on dividends. The tax consequences for investors will differ depending on their individual circumstances, particularly for non-resident Shareholders.	Section 11.7
What are the key dates of the Offer?* *** Dates are indicative and subject to change at the discretion of the Company and the Underwriter**	The Offer opens on 24 March 2014. The Offer closes on 4 April 2014. The Shares are expected to be allotted on 9 April 2014. Shareholder statements are expected to be despatched on 10 April 2014. The Shares are expected to commence trading on 15 April 2014.	Refer to "Key Dates" in the Key Information Section
What will the Market Capitalisation of the Company be upon listing on ASX?	The market capitalisation is expected to be $141,900,000, based on the Offer Price.	Refer to "Financial Information Summary" in the Key Information Section
When will I receive confirmation that my Application has been successful?	Shareholder statements confirming allocations under the Offer are expected to be despatched to Shareholders on 10 April 2014.	Refer to "Key Dates" in the Key Information Section
How can further information be obtained?	Further information can be obtained by reading this Prospectus in its entirety, by speaking to your accountant, stockbroker or other professional adviser, by calling the Underwriter on 134 226 or the Information Line on 1300 443 086 or (03) 9415 4019 or by visiting the Company website at **www.beaconlightinggroup.com.au**	

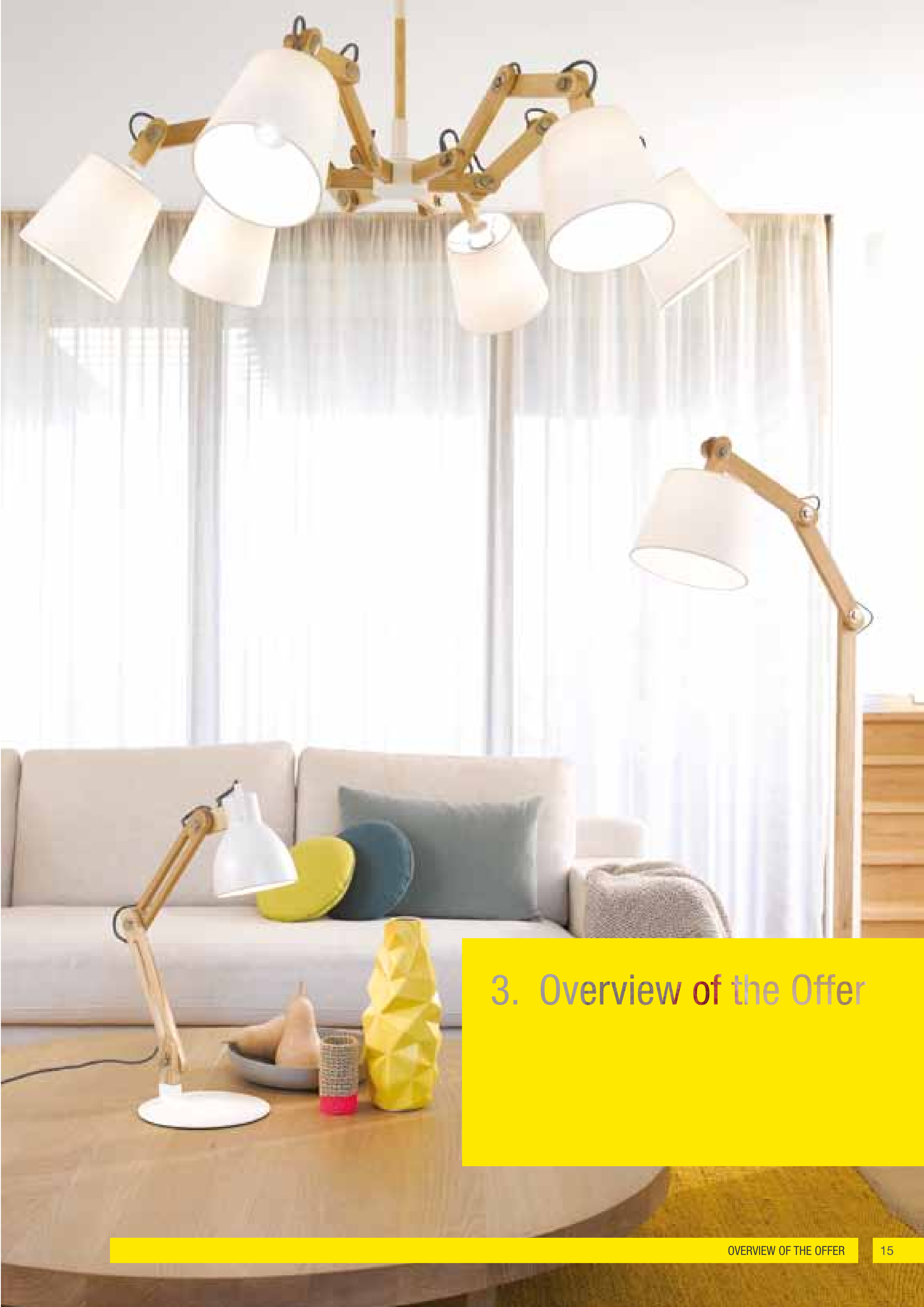
2. Investment Overview

2. Investment Overview

This Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. Particular attention is drawn to the risk factors described in Section 7.

Topic	Summary	More Information
Nature of the Company's business	Beacon Lighting is Australia's largest and leading specialist retailer of lighting, ceiling fans and light globes with 71 owned stores, 14 franchised stores and four commercial sales offices. Many of the products offered are exclusive to Beacon Lighting and encompass both fashion and design elements pursuing the latest technology for energy efficiency.	Section 5
The Company's business model	Beacon Lighting is a vertically integrated business which develops, designs, sources, imports, distributes, merchandises and sells lighting, ceiling fans and light globes to meet the demands of customers. More than 90% of the products supplied to Company stores are through the Company's wholesale supply chain consisting of a central warehouse operation in Melbourne and third party warehouse operations in Sydney, Brisbane, Perth and China. Approximately 80% are exclusively branded.	Section 5
Key strengths of the Company	Beacon Lighting's key strengths are: • Australia's largest and leading retail lighting specialist. • A strong financial position with minimal debt and solid cash flow. • A proven retail model capable of being rolled out further. • A vertically integrated business of importing, distribution and retail. • A well recognised brand name which also appeals to landlords. • Exclusively designed and manufactured products. • A stable and experienced senior management team. • Multiple sales channels including retail stores, trade, wholesale and online.	Section 5
What are the key risks of investing in the Company?	The key risks to the Company's business include: • The retail environment and general economic conditions may deteriorate. • The Company's competitive position may be adversely impacted by an existing or new competitor. • Loss or interruption to product sourcing and an increase in the Company's product costs. • Adverse exchange rate movements may impact the cost of the products purchased in US dollars. • Product failure resulting in repair or replacement costs. • The Beacon Lighting brand name may diminish. • Growth strategies may not realise the full benefits anticipated. • Ability to attract and retain key Team Members may deteriorate. • Supplier and buying agent relationships may deteriorate.	Section 7

Topic	Summary	More Information
Key drivers of growth	Beacon Lighting intends to strategically position itself to take full advantage of the dramatic change that will and is occurring in the global lighting market. We intend to drive sales and profit growth through: • Continuing the store rollout in Australia. • Optimising store portfolio and operations. • Introducing new products and ranges. • Technology in lighting. • Continuing to develop the Company's online presence. • Leveraging existing capabilities into new and adjacent businesses. • Acquiring other businesses. • Developing the Company's emerging businesses. • Making further efficiency gains.	Section 5.2
Who are the Directors and how is Beacon Lighting managed?	The Executive Chairman is Ian Robinson, whose family will maintain a 55% shareholding following the listing. Ian has voluntarily committed to place the family's shareholding in escrow for a period of two years after listing. Ian's son Glen, with more than 10 years full time experience in the business, is Chief Executive Officer. The Board also comprises non-executive Directors with experience in finance, retailing and logistics. There is a very stable and accomplished senior management team with various incentive programs in place.	Section 6
How does Beacon Lighting source its products?	Beacon Lighting is dependent to a large degree on products sourced particularly from China. It has long standing supply relationships, some for more than 25 years, but is not reliant on any one product manufacturer for supply. Beacon Lighting manages the supply and delivery of sourced products through its self managed supply chain.	Section 5.4
Markets of operation	Beacon Lighting has stores in every State and Territory in Australia as well as offices in Melbourne, Hong Kong, and a showroom in China.	Section 5.5
Key customers	Beacon Lighting trades with a number of different customer groups such as residential home owners and occupiers, as well as trade customers including electricians, builders, architects and developers. Beacon Lighting is not reliant on any major sales contracts or key customers.	Section 5
The Company's competitive advantage	Beacon Lighting maintains its competitive advantage through product design and innovation, its retail store network and its logistical capabilities. These ensure innovative and on trend products are offered at competitive prices that represent value to its customers. Beacon Lighting supports this by delivering service, knowledge and advice, facilitated through Team Member training and reward programs.	Sections 4.6 and 5
The Company's competitors	Beacon Lighting has a strong position in the specialist retail lighting market in Australia. Beacon Lighting competes with a range of retail outlets including national hardware chains, independent or small chain specialist lighting retailers, electrical wholesalers, furniture stores and online sites. Beacon Lighting competes to some extent with a broader market including large hardware chains.	Section 4.6
The Company's corporate structure	With effect from completion of the Offer, the Company has a 100% interest in each of its subsidiary entities and operates through them.	Section 11.15
What are the related party interests?	Details of related party interests are set out in the Prospectus.	Sections 3.2, 6.3 and 11.3



3. Overview of the Offer

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3.1 Offer Size

The Offer is for 96,750,000 Shares. The Shares issued under the Offer will represent 45% of the total Shares on issue following completion of the Offer, with the remaining 55% held by Heystead, an entity controlled by the Robinson family. All Shares under the Offer will be issued at the Offer Price, being $0.66.

3.2 Key Investment Features

The key investment features of the Offer are as follows:

- The market capitalisation of the Company at the time of listing implies a price to earnings ratio of 12.38 times.
- Successful Applicants will be eligible to receive an expected fully franked dividend of 1.4 cents per share for the half year ending 29 June 2014.
- Heystead, an entity controlled by the Robinson family, which will have a 55% shareholding has agreed to a two year voluntary escrow.

3.3 Purpose of the Offer

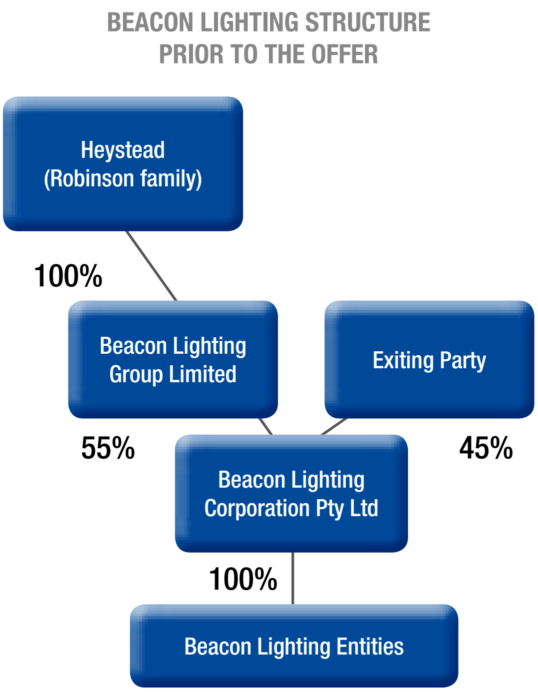
The Company currently owns a 55% interest in Beacon Lighting Corporation Pty Ltd (**BLC**) which owns the Beacon Lighting subsidiary entities. The remaining 45% is owned by a third party (the **Exiting Party**) which has been a minority investor since 1997 and now wishes to realise its investment in the business. The purpose of the Offer is to raise proceeds to enable the Company to buy the Exiting Party's interest in BLC enabling the Company to own 100% of BLC and hence the Beacon Lighting business. The Company has entered into the Share Purchase Agreement with the Exiting Party to implement this. Refer to Section 10.2 for more information about the Share Purchase Agreement.

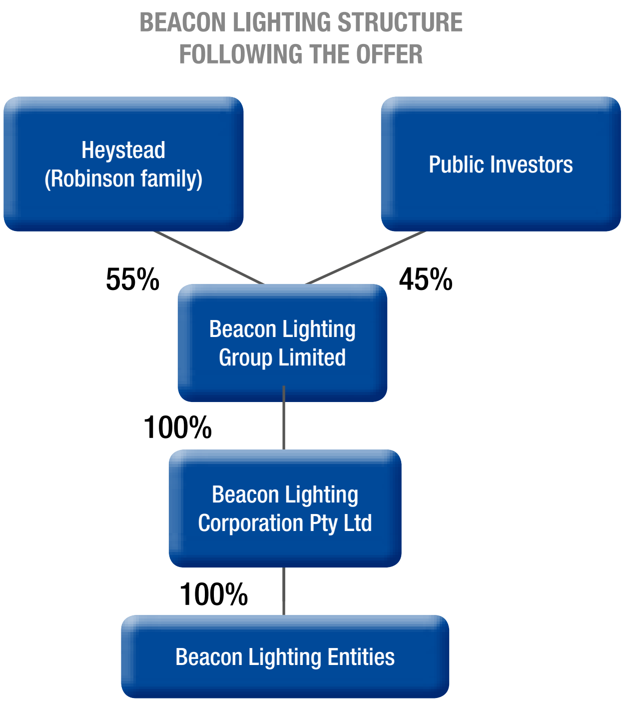
The Company is not seeking additional capital at this time, although its transition to public ownership through listing on the ASX provides a platform for future growth that has previously not been available to it.

The Directors believe that following completion of the Offer the Company will have sufficient working capital to meet its stated business objectives. See Section 8 for more information about the Company's financial position.

3.4 Ownership Structure

The ownership structure of Beacon Lighting before and after the completion of the Offer and listing on the ASX is shown diagrammatically by the following:





3.5 Capital Structure

The capital structure of the Company is as follows:

Shares	Prior to the Offer		Upon Completion of the Offer	
	Quantity	Percentage	Quantity	Percentage
Heystead, a company controlled by the Robinson family	118,250,000	100%	118,250,000	55%
Investors in the Offer			96,750,000	45%
Total	118,250,000	100%	215,000,000	100%

Heystead has voluntarily agreed to escrow its shareholding in the Company for a period of two years following the listing of the Company on ASX. For details see Section 11.6. This means that the only Shares trading immediately following the listing will be those Shares the subject of the Offer.

In addition to the Shares on Offer, certain key executives may be eligible to collectively receive up to 500,000 Performance Rights based on the Offer Price and subject to the Company's performance for the year ending 29 June 2014. The Performance Rights potentially convert to Shares on a one for one basis without payment. Further details are set out in Section 6.4.

3.6 Dividend Policy

It is the Board's intention to declare a dividend of 1.4 cents per Share fully franked for the half year ending 29 June 2014 payable in September 2014. This is equivalent to a fully franked dividend yield of approximately 4.24% per annum on an annualised basis. Accordingly, those investors allotted Shares under the Offer on 9 April 2014 and who remain as holders on the dividend record date are eligible to receive a dividend of 1.4 cents per Share in respect of the half year ended 29 June 2014.

Beyond the 2014 financial year it is the Board's intention to distribute between 50% and 60% of NPAT as dividends and expect them to be fully franked subject to available profits and the financial position of the Company. An interim dividend is expected to be payable annually in March, with a final dividend payable annually in September. These dividends are expected to be fully franked for Australian tax purposes.

3.7 Applications

Applications for Shares can only be made by completing and submitting the Application Form. Instructions on how to apply for Shares are printed on the reverse side of the Application Form. The Application Form must not be circulated unless accompanied by a copy of this Prospectus. The minimum subscription is for 4,000 Shares representing $2,640. Applications for Shares must be accompanied by payment in full. Cheques should be made payable to "Beacon Lighting Share Offer" and crossed "not negotiable" and should be lodged no later than 4 April 2014 at:

Beacon Lighting Share Offer
c/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne, VIC 3001

Prior to allotment or refund, Application Monies will be held on trust for applicants in a bank account established and kept by the Company for this purpose. Interest earned will be for the benefit of the Company and will be retained by the Company whether or not allotment takes place.

3.8 Management and Underwriting of the Offer

The Offer will be managed by Morgans Corporate Limited as Underwriter under the Underwriting Agreement. The Company and the Underwriter have entered into the Underwriting Agreement. Details of the Underwriting Agreement, including the termination provisions and the fees payable, are set out in Section 10.1.

3.9 Allocation Policy

The allocation of Shares will be determined by the Underwriter in consultation with the Company, having regard to the following factors:

- desire to foster a stable, long-term Share register;
- desire for a liquid and informed trading market for the Shares;
- overall level of demand for Shares under the Offer; and
- any other factors that the Underwriter or the Company considers appropriate.

There is no general public offer and there is no assurance that any person will be allocated any Shares or the number of Shares for which they have applied.

The following Directors (directly or indirectly) intend to apply for Shares as follows:

- Ian Robinson as to 150,000 Shares;
- (James) Eric Barr as to 150,000 Shares;
- Glen Robinson as to 40,000 Shares and
- Neil Osborne as to 300,000 Shares.

In addition, other Robinson family members intend to apply for a further 195,000 Shares.

3.10 Priority Offer

In allocating Shares to Applicants, Team Members, franchisees and their team members each will receive a priority entitlement to 4,000 Shares representing $2,640. Those persons contemplating applying for Shares under the priority offer should tick the priority offer box on the Application Form.

3.11 Brokerage, Commission and Stamp Duty

You do not have to pay brokerage, commission or stamp duty if you acquire Shares under the Offer. Various fees are payable by the Company in relation to the Offer to the Underwriter and certain financial advisers which are set out in Section 11.4.

3.12 ASX Listing

The Company will, within seven days after the date of this Prospectus, apply for admission to the official list of ASX and for official quotation on ASX of the Shares offered under this Prospectus and the existing Shares held by Heystead. Trading of Shares on ASX is expected to commence on 15 April 2014.

It is expected that the initial Shareholder statements will be despatched by post on 10 April 2014 and that trading of Shares on a normal settlement basis will commence on 15 April 2014. It is your responsibility to determine your allocation before you trade in Shares. If you trade in Shares before you receive your initial Shareholding statement, then you do so at your own risk.

3.13 CHESS and Holding Statements

The Company intends to apply to participate in CHESS. In accordance with the Listing Rules and the ASTC Settlements, it will maintain an electronic issuer sponsored sub-register and an electronic CHESS sub-register.

If you are issued Shares, then you will be sent an initial statement of holding. It will set out the number of Shares that have been allocated to you in the Offer, and details of your HIN in the case of a holding on the CHESS sub-register, or SRN in the case of a holding on the issuer sponsored sub-register. You will need to quote your HIN or SRN, as appropriate, in all dealings with a stockbroker or the Share Registry.

Shareholders will receive statements during the first week of the month after any month in which there has been a change to their holding on the Register and as otherwise required under the Listing Rules and the Corporations Act.

3.14 Withdrawal

The Company reserves the right to withdraw the Offer at any time before the issue of Shares to successful Applicants. If the Offer is withdrawn, then Application Monies will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer or otherwise. The Company will retain any interest which accrues on Application Monies.

3.15 Questions/Further Information

If you have queries in relation to this Prospectus, including how to complete the Application Form or how to obtain additional copies, then you can:

- contact the Underwriter on 134 226 (for callers within Australia);
- contact the Information Line on 1300 443 086 or (03) 9415 4019 or Computershare Investor Services Pty Limited, GPO Box 52, Melbourne, VIC 3001; or
- visit **www.beaconlightinggroup.com.au** to download an electronic copy of the Prospectus.

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, then you should seek professional advice from your stockbroker, accountant, financial adviser, lawyer or other professional adviser.

4. Industry Overview

4. Industry Overview

4.1 Introduction

Beacon Lighting is Australia's leading specialist residential lighting retailer offering the latest in lighting, ceiling fans and light globes with the largest network of stores across Australia.

The Beacon Lighting business primarily operates in residential lighting which is a part of the electrical and electronic goods retailing category. The residential lighting sector of this category has very little public data available regarding market characteristics and size. For that reason, it relies on in-house knowledge of the market gathered from years of experience, membership of various industry bodies and occasionally published data.

The Directors consider that the total lighting industry in Australia is valued at approximately $1.7 billion, with around $730 million of that being sold through retail, of which Beacon Lighting holds approximately 14% market share based on financial year 2010 analysis. This includes Company and franchised store sales but excludes ceiling fans, solar and other categories that Beacon Lighting derives revenue from. The balance of the market consists of sales from wholesalers, government and energy authorities, large and small businesses.

Purchasers of residential based lighting products vary from the end user (home owner or occupier), to trade related customers (electricians, builders and developers).

Whilst demand is influenced by new housing starts, it is also supported in older established areas where renovating, redecorating and or extensions are more prevalent.

The Company is a full member of, and through Ian Robinson, also represented on the Board of the Lighting Council Australia. Through this membership, Beacon Lighting is actively involved in the ongoing promotion of greater energy efficiency by lobbying and influencing government and industry policy development in areas such as MEPS (Minimum Energy Performance Standards). Membership also provides early insights into future regulations and market trends some of which are discussed further in this Section.

4.2 Changing Technology

There has been significant change in lighting technology, driven by market demand for greater energy efficiency to offset rising power costs and underpinned by the Australian Federal Government's legislated programme for phasing out old lighting technology.

Technology in lighting has and will continue to develop rapidly, just as technology continues to drive innovation, design, performance and efficiency in many industry sectors. The original incandescent / halogen globes averaged poor efficiency with 60 to 100 watts per globe and a relatively short lifespan. These were superseded by CFL (compact fluorescent lighting) which averaged a more efficient 7 to 15 watts per globe but with limited domestic applications. LED is now the leading lighting technology, averaging a very efficient 5 to 14 watts, dimmable and with the potential to deliver up to 30,000 hours life. While technology in lighting will continue to change, the Company is also starting to see the incorporation of smart lighting 'automation' built into the latest products.

The price of new technology, as it develops, will also fall and make the energy efficient solutions more accessible and affordable to a broader market and encourage replacement as the price of technology continues to become more competitive and performance improves.

The government is only part way through the predetermined phase out programme of inefficient light sources within Australia whilst LED technology and performance continues to develop. Directors consider that there are many opportunities ahead for the Company.

4.3 Energy Costs

The Company understands that between 2006 and 2013, the average Australian household power bill increased more than 85% and with energy costs expected to continue to rise, households are looking at every measure to reduce electricity consumption and costs. Renewable and energy abatement technologies such as energy efficient appliances, advanced thermal building materials and photovoltaic solar energy production are just some of the options to reduce household energy consumption and improve efficiency.

With lighting accounting for more than 12% of the typical household electricity bills and the cost of energy expected to continue to rise, the increase in demand for energy efficiency will continue to drive growth in the lighting category.

4.4 Legislative Factors

Driven by an internationally recognised need to reduce power consumption and improve energy efficiency, a number of statutory regulations have been introduced to the lighting industry which also represent significant business opportunities for us.

There are a number of requirements relating to performance and energy efficiency now facing the lighting industry in Australia. They include:

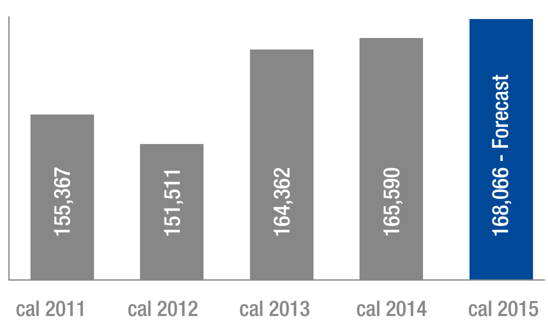
- MEPS (Minimum Energy Performance Standards);
- federal incandescent globe phase out programme; and
- electromagnetic compatibility regulations.

The lighting industry generally, and Beacon Lighting specifically, has responded through the development of greatly improved lighting technology. Beacon Lighting believes that the move to greater energy efficiency will continue unabated, as it has in the past, and that the Company will continue to be at the forefront of these changes. The Beacon Lighting product development teams in Australia and overseas are focused on always sourcing the latest technology to stay ahead of any regulations for the benefit of customers and the business.

4.5 Macroeconomic Environment

Demand for residential based lighting products is influenced by general economic conditions, including indicators such as consumer confidence, housing starts, auction clearance rates, disposable income and housing prices. After several lagging years, a number of these indicators are now trending in a positive direction. As an example the trend in housing starts is set out below.

AUSTRALIAN HOUSING STARTS



Source: ABS, HIA Economics Group- February 2014

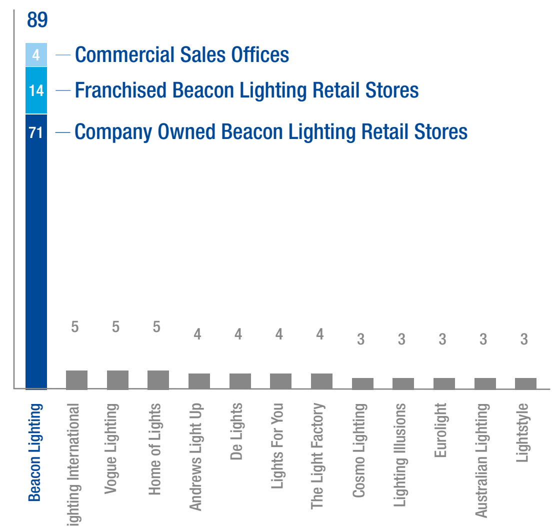
4.6 Competitive Landscape

Lighting and ceiling fan products can be purchased from a number of sales channels, including specialty lighting stores, hardware stores, electrical wholesalers, furniture stores and online. Each of these channels tend to focus on different market segments but with a degree of crossover.

Beacon Lighting is focused on the residential sector and offers a wide variety of products that suit the cost conscious to the aspiring technology and fashion-oriented consumer. Beacon Lighting's secondary market is the trade and commercial customer, which may include builders, developers, electricians, designers and architects dealing in residential lighting products.

Beacon Lighting is a specialist residential lighting retailer with the largest store network across every State and Territory in Australia. Competitors of Beacon Lighting in the specialist lighting market are shown below.

NUMBER OF STORES & SALES OFFICES

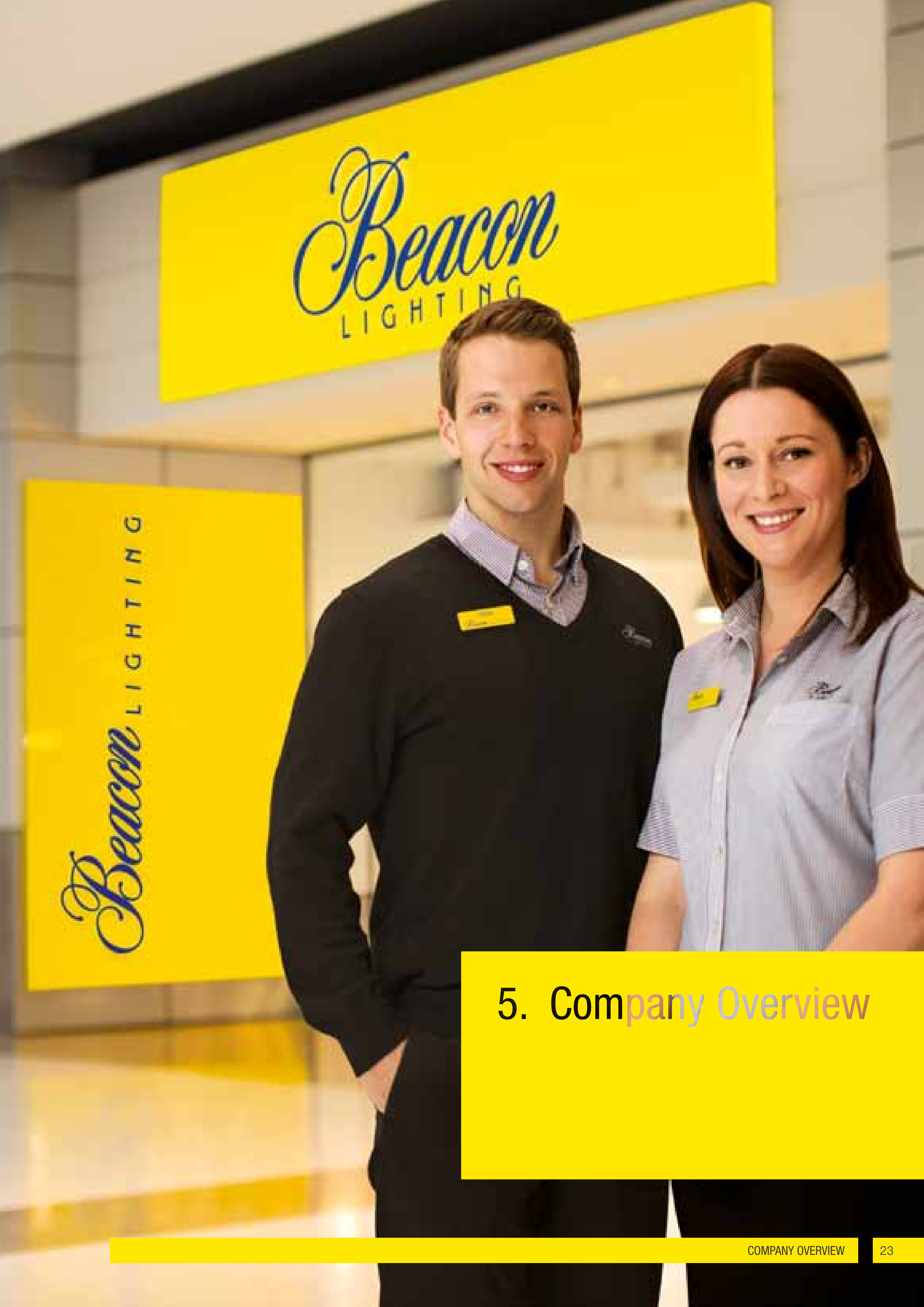


Source: Company Research

Hardware stores such as Bunnings, Masters and Mitre 10 offer lighting within their stores. Beacon Lighting differentiates itself from these competitors by offering unique and exclusive lines, expert service and advice and the latest lighting technology.

In 2011, Beacon Lighting commissioned an independent market research organisation to survey consumers for insights into their awareness of the Beacon Lighting brand.[1] This survey identified that the Beacon Lighting brand held 40% brand awareness unprompted, 83% prompted, demonstrating Beacon Lighting's leading brand position, which has been built for over 40 years. In comparison, other specialist lighting retailers rated below 11% for unprompted awareness and other major non specialist retailers selling lighting as a product range, rated below 12%.

1. Survey conducted by Optimum Media Direction Pty Ltd. 709 consumers surveyed who had purchased lighting or fans in the past year or planned to in 2011. Even spread of male / female. 60:40 skew towards Beacon Lighting customers.



5. Company Overview

5. Company Overview

5.1 Company Overview

The Beacon Lighting brand was first established in 1967. Since then it has become Australia's leading specialist retailer of lighting, ceiling fans and light globes, offering customers a wide range of products with knowledge, service and advice. The product ranges, many being exclusive, encompass both fashion and design elements as well as pursuing the latest technology for energy efficiency.

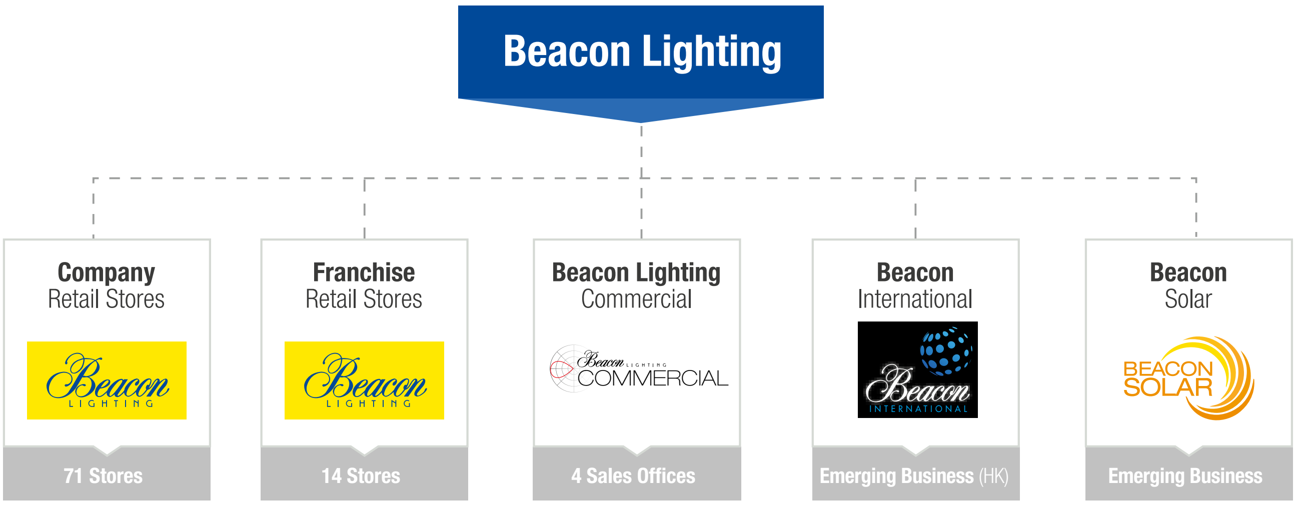
The business services the middle to upper residential lighting market and has a network of 85 stores across each State and Territory and four commercial sales offices. 71 stores are Company operated and 14 are franchised stores.

Beacon Lighting is a vertically integrated business which develops, designs, sources, imports, distributes, merchandises and sells lighting, ceiling fans and light globes to meet the demands of customers. More than 90% of the products supplied to Company stores are through the Company's wholesale supply chain consisting of a central warehouse operation in Melbourne and third party warehouse operations in Sydney, Brisbane, Perth and China. Approximately 80% of products are exclusively branded. The result is that products are delivered efficiently and seamlessly to the store network on a sale and replenish basis through a supply chain providing both wholesale and retail margins.

Beacon Lighting's unique business model, based on innovation and flexibility, allow the Company to provide quality designed products that comply with Australian Standards with rapid turn around to adjust to changing market demands.

Beacon Lighting operates a number of business divisions all leveraging off the core Beacon Lighting brand. The key trading activities (as illustrated below) consist of:

- The Company operated retail stores.
- The franchised retail stores.
- The commercial sales offices.
- The Beacon International business.
- The Beacon Solar business.



5.2 Growth Strategy

Beacon Lighting has strategically positioned itself to take full advantage of the dramatic change that is occurring and will continue to occur in the global lighting market.

The Company intends to drive sales and profit growth through:

New store rollout

Beacon Lighting plans to open approximately six stores per year for the foreseeable future depending on suitable site identification, negotiation and availability.

Optimising store portfolio and operations

Beacon Lighting believes it is able to grow sales through improvements to its store portfolio and operations. The store portfolio is continually analysed to identify optimum size, format, fit out and merchandising. Store refurbishments, reviews of store operating procedures and further work on tailoring product ranges to local demographic market requirements have all been identified as strategies to drive top line growth.

New products and ranges

Beacon Lighting currently offers an extensive range of products with fashion and energy efficiency in mind. With energy efficiency and technology driving significant change, Beacon Lighting has scope to further improve the breadth and depth of the range. This includes offering more product categories and more options within each category to better meet the needs of residential and trade customers.

Technology in lighting

The lighting industry is experiencing rapid change in technology. A need for greater energy efficiency is driving rapid development of LED (light emitting diodes) technology. Still in the early stages of development, this represents a significant opportunity for Beacon Lighting as more people switch to LED to save on power.

LED already represents a significant portion of Beacon Lighting's sales and with an increase in excess of 100% over last year in the category, there is still further upside to be realised.

Online presence

There are significant opportunities to enhance and develop the Company's existing online presence to drive top line incremental sales. Various opportunities have been identified and are yet to be initiated. These may include opportunities within Australia or abroad such as driving sales through third party websites and dedicated category websites.

Leveraging existing capabilities

Beacon Lighting has a range of capabilities across design, engineering, sourcing, logistics, distribution, merchandising and retailing. Some of these include international capabilities. Beacon Lighting has the opportunity to leverage these capabilities into new and adjacent businesses or new sales channels.

Acquisitions

Beacon Lighting intends to pursue business acquisitions, locally or internationally that complement the core business activities or leverage off existing business activities. This may include other lighting stores including franchised stores, other retail formats or wholesale operations. Any acquisition will need to meet strict financial parameters.

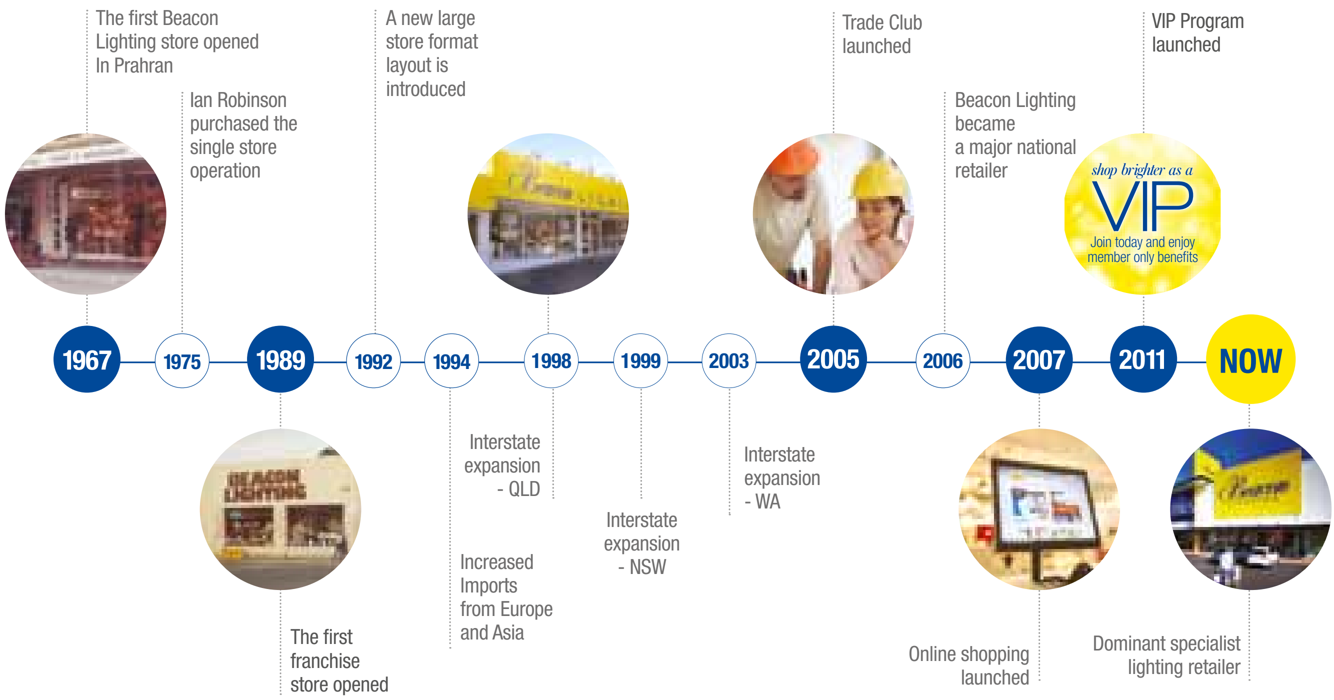
Emerging businesses

Beacon Lighting intends to continue to support the emerging business divisions in Beacon Solar and Beacon International. The company recognises they have synergies with the core business and believe they can strengthen overall market penetration for the brand to drive additional top line sales and bottom line profit.

Efficiency gains

Beacon Lighting believes it can make efficiency gains and better control its cost base as it grows, through further investing in systems and technology to deliver efficiencies. There are also other opportunities to leverage the Company's buying power to reduce supply chain costs and lead times and improve inventory management.

5.3 Company History



Beacon Lighting opened its first store in Prahran, Victoria in 1967 and its first franchise store in Frankston, Victoria in 1989. The first 30 years saw continued store expansion in Victoria and significant changes including introducing large format stores and new merchandise display systems for consistency in stock presentation, whilst also commencing direct importing of product.

In 1997 the decision to expand interstate was made with ambitions of becoming a national retailer. The following eight years saw continued store expansion and of particular significance being the successful entry into the New South Wales market creating a true national presence in each State and Territory.

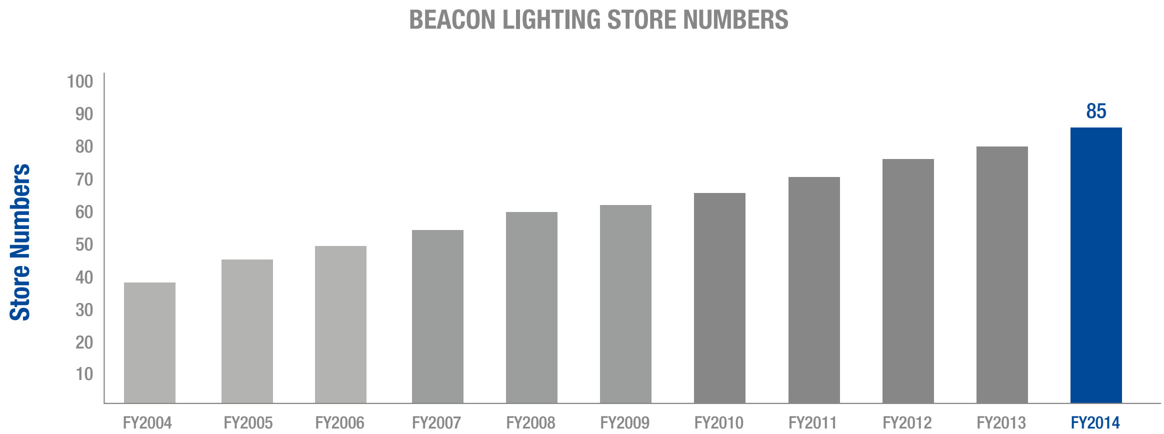
In 2003 Beacon Lighting commenced operation of its current Melbourne based warehouse which was expanded to 10,000m^2 with a capacity of 10,000 pallets in 2007.

In 2007, the Beacon Lighting website was re-launched with online purchasing now available.

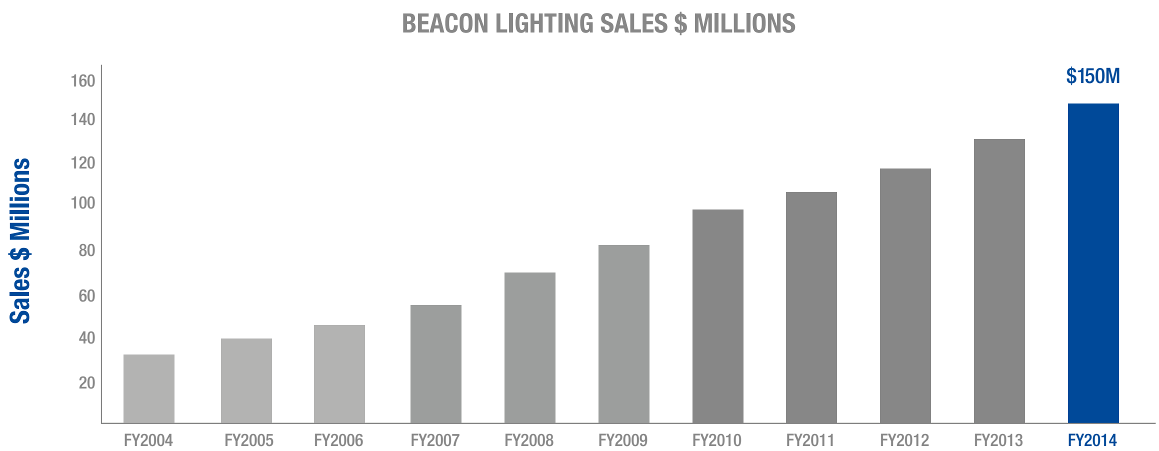
The business was awarded The Age / D&B Victorian Retail Category Business of the Year award in 2007, 2009, 2011 and was the Overall Award Winner in both 2007 and 2011.

In FY2012 the new business divisions of Beacon Solar and Beacon International were introduced.

Today, Beacon Lighting has more than 700 Team Members and is committed to recognising their contribution to the Company's success and the ongoing development of their skills through training and rewards programs.



1. Includes franchise stores but does not include 4 commercial sales offices.



1. Sales are normalised and shown for continuing businesses only.
2. Sales include company stores, wholesale sales to franchise stores, Beacon Solar and Beacon International sales (excludes franchise store retail sales).

5.4 Product Design, Sourcing and Distribution

Beacon Lighting has invested significant resources in product design, innovation and quality.

A key strategy for the merchandise team has been to ensure it obtains products at multiple price points to create a 'good, better, best' product offer. This allows Beacon Lighting to create quality products with features and price points to meet the needs of different customer segments within the primary target market. For instance, in the LED down light category, the Company offers a 'good, better and best' product. All effectively have the same function but each differs significantly in relation to specifications, design, features and benefits, and pricing. This is consistent with Beacon Lighting's strategy of providing fashionable and technologically advanced products that represent value to customers.

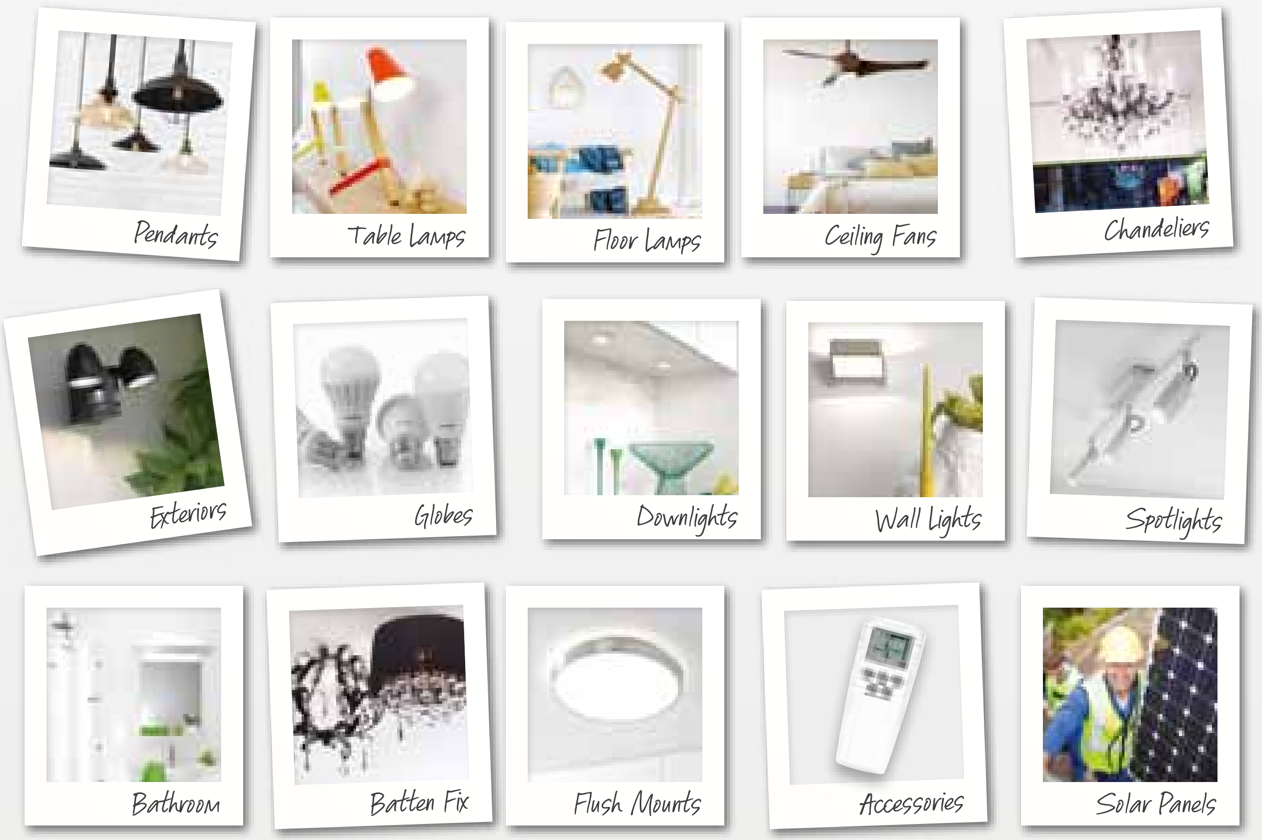
The vast majority of exclusive products are designed and sourced internationally with third party factories and co-ordinated with Beacon Lighting's team in those locations. A small proportion of stock is also supplied through local wholesalers in Australia. A number of exclusive national and international distribution agreements for key products also exist. The business strategy is to have a broad supply base and is not materially reliant on any single factory or supplier for continuity of supply. The product range is manufactured to comply with Australian Standards and packaged to Beacon Lighting's specifications which is monitored and managed through the Company's engineering and quality control team.

More than 90% of products supplied to Company stores are self sourced and distributed through Beacon Lighting's supply chain incorporating the warehouse in Melbourne and third party warehouse operations in Sydney, Brisbane, Perth and China. The third party warehouses stock and supply the local stores thereby improving service levels to stores and in turn customers. The China warehouse operation acts as a central storage facility for key lines for the Australian operation and also supplies the Beacon International wholesale business based in Hong Kong and with a showroom in China.

The supply chain is managed through an integrated point of sale and warehouse management system which automates the stock replenishment process. Stores sales are reconciled daily which triggers warehouse orders to be picked and despatched promptly reducing risk of out of stock items in stores.

The vertically integrated approach to bringing product into the business has enabled the Company to generate gross profit margins that capture the equivalent of the wholesale margin in addition to a retail margin whilst offering competitive pricing to customers.

BEACON LIGHTING PRODUCT RANGE



5.5 Store Network

Currently, Beacon Lighting has 71 Company operated stores and 14 franchised stores.

Beacon Lighting's stores operate profitably under a variety of sizes currently ranging from approximately 300m² to 1200m². The average store size is 738m².

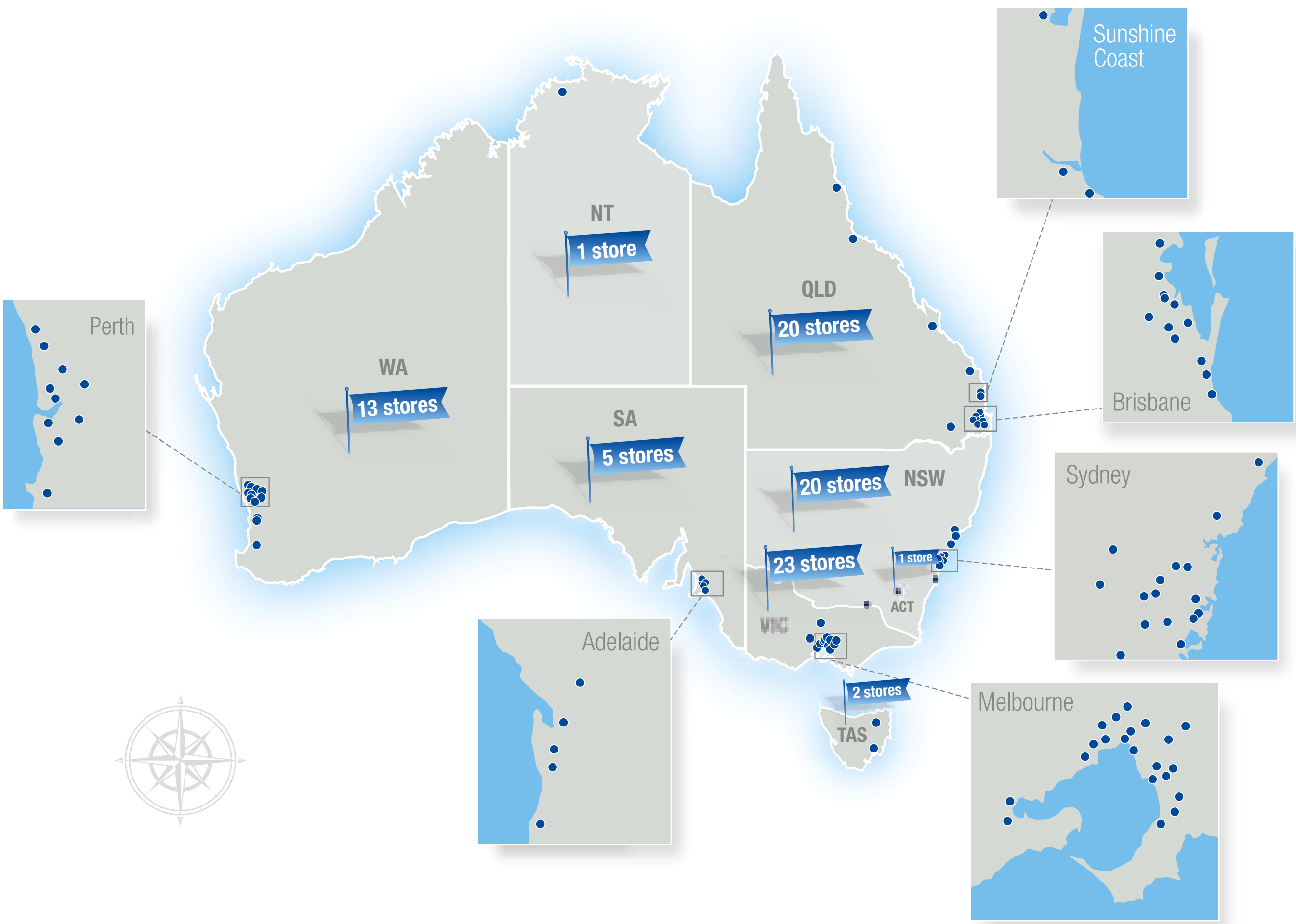
All stores are leased and located in high traffic homemaker centres or prominent free standing sites with complementary retailers nearby. Population base and geographic catchment area for each store varies.

The commercial sales offices are located in Melbourne, Brisbane, Sydney and Townsville.

The store network is supported with a store support centre based in Mulgrave, Victoria and a warehouse and office complex at Derrimut, Victoria.

To maintain the store rollout program the Company relies on its property division to identify suitable regions for new store locations. Through analysis, the most suitable sites are identified and commercial terms negotiated. Beacon Lighting is a sought after brand and tenant. Lease terms of approximately seven years with further seven year options are negotiated. Options are typically exercised providing long term tenure.

Integral to the successful day to day and long term management of the national store network is the store operations division. Headed by the Managing Director - Retail, this consists of sales managers responsible for stores over five regions.



Source: Company records

5.6 Marketing and Positioning

The Beacon Lighting brand is synonymous with specialty lighting retail and the majority of the Company's product ranges are marketed under the well established product brand, Lucci, which is owned by the Company and is a registered trademark.

Beacon Lighting positions its brand to represent quality in lighting products with the latest technology for energy efficiency and fashion at great value. The Beacon Lighting brand is targeted towards customers in the middle to upper socio-economic demographic.

Marketing activity is a key sales driver and instrumental in establishing strong brand recall and awareness. For over 40 years Beacon Lighting has consistently invested a percentage of retail revenue in marketing activities. This provides for the execution of the annual marketing plan, other marketing strategies and operation of the in-house marketing division. The growth in stores and revenue has delivered a steady increase in marketing expenditure on an annual basis. It is now a multi million dollar annual spend which well surpasses any other specialist lighting competitor.

The Beacon Lighting brand is central to all Beacon Lighting marketing activity. Brand planning supports Beacon Lighting's positioning as a specialist retailer of residential based quality lighting products that are fashionable and technologically advanced for energy efficiency and drives brand awareness and preference.

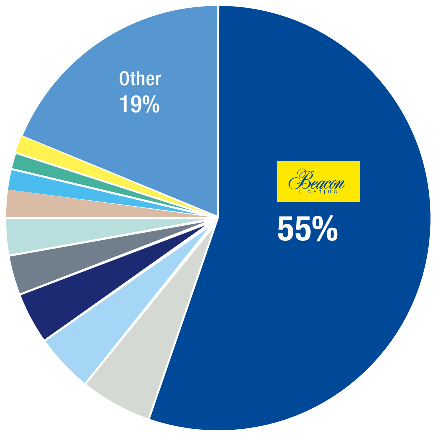
5.6.1 Marketing Spend

Independent retail marketing spend analysis for the lighting category shows that Beacon Lighting's proportion of total category media expenditure, excluding catalogues, is significantly ahead of any competitor and growing year on year.

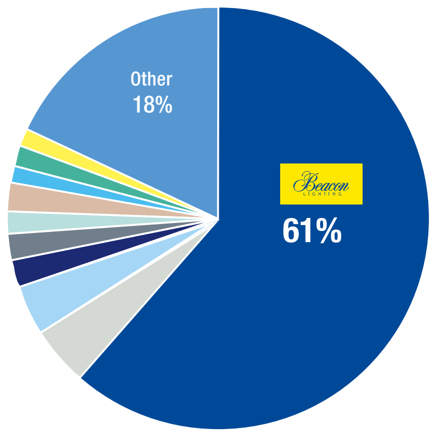
MEDIA SHARE OF EXPENDITURE: 2011-12 VS 2012-13

Includes TV, radio, press, magazines, online, cinema and outdoor for metro and regional. Excludes expenditure in catalogues.

2011-12



2012-13



Source: Optimum Media Direction Pty Ltd Advertising spend analysis report.

5.6.2 Annual Advertising and Promotion

Beacon Lighting communicates regularly with the market and has historically spent between 5% and 6.5% of annual retail sales on marketing initiatives.

Beacon Lighting's marketing program is based on an annual promotion calendar of core planned marketing campaigns. This promotional calendar is constantly reviewed and revised to reflect seasonal and market condition changes in order to optimise sales opportunities.

There are two key seasonal range releases each year for summer and winter. The marketing objective for these key releases is to stimulate interest in the new products on offer and to maintain our leadership position for offering on trend fashion and technologically advanced product, all compliant with Australian standards. Beacon Lighting uses catalogues, television (free to air and subscription), magazines, website/online, point of sale material and electronic direct marketing to industry sectors, as well as internally managed databases in the VIP Club and Trade Loyalty Club.

5.6.3 Loyalty Programmes

Beacon Lighting operates two customer loyalty programmes, one focused on general retail customers through the VIP Club, the other on trade customers through the Trade Club.

VIP Club

Beacon Lighting's VIP Club was launched in October 2011 and is available to general retail customers. This successful programme has over 35,000 members (as at December 2013) and provides the business with a valuable customer database for ongoing electronic communication to customers.

VIP members receive a permanent discount on globes off the regular retail price as well as receiving regular exclusive special offers, the latest product and trend information and interior design tips.

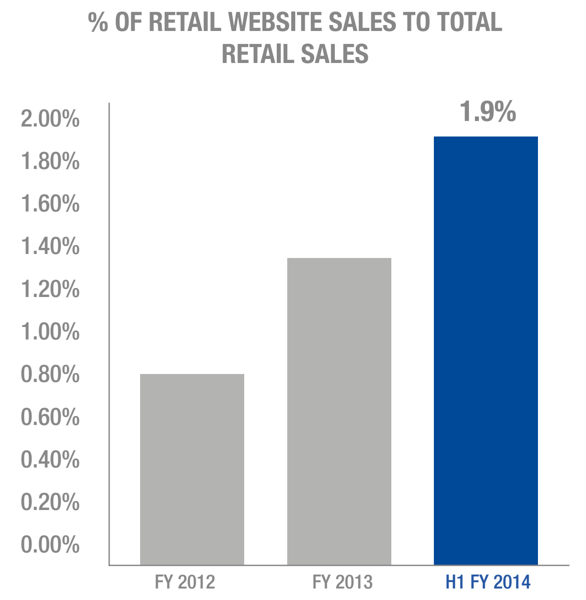
Trade Loyalty Club

Beacon Lighting regards trade based clients as an important customer base with purchasing frequency and loyalty being key attributes.

Beacon Lighting launched the Trade Loyalty Club as a primary way of securing this market segment and has approximately 9,700 members (as at December 2013) and growing steadily. The club is only available to approved trade or industry customers. Membership is free and provides members, as well as their clients, with trade discounts at competitive trade prices and includes a secure log-in page on the website where members can place orders and see membership account status.

5.7 E-Commerce

Beacon Lighting embraces 'omni-channel' retailing, offering customers the flexibility to shop how they want, either through the Company's bricks and mortar stores or online. The Company's online store, **www.beaconlighting.com.au** offers an extensive range with almost 2,000 products including an 'online exclusive' selection. The Company offers flexible shopping options with free delivery for orders over $100, credit card and PayPal payment options and the choice to pick up in store. Customers can shop the same prices and promotions online as they would find in stores. Beacon Lighting's retail website continues to experience increasing traffic and sales; for the half year ended 29 December 2013, 1.9% of total retail sales occurred online (see graph below).



Source: Company records

In addition to the corporate website **www.beaconlightinggroup.com.au** and the retail website **www.beaconlighting.com.au**, the Company operates multiple websites to support other business divisions and activities. Those being:

- Trade Loyalty Club **www.beaconlightingtradeclub.com.au**
- Beacon Solar **www.beaconsolar.com.au**
- Beacon Lighting Commercial **www.beaconlightingcommercial.com.au**
- Beacon International **www.beaconinternational.com**
- Fanaway **www.fanaway.com**

The Company is continually looking at website development improvements and other e-commerce business opportunities to drive top line incremental sales and profit. The Company explores and seeks to identify other future online opportunities.

5.8 Emerging Businesses

There are two emerging businesses which were established in the 2012 financial year, Beacon Solar and Beacon International, which both leverage off the strength of the Beacon Lighting brand. Presently these businesses make an immaterial contribution to sales and operating results. However, the Company believes that there are logical synergies that can be leveraged and could develop into sustainable businesses in the future.

Beacon Solar

With an increasing market demand for greater energy efficiency as a result of ongoing power price increases, Beacon Lighting saw an opportunity to establish a photovoltaic solar division that complements the retail lighting business and could leverage off the Beacon Lighting brand as a trusted and reliable brand in a market littered with unknown brands. The increasing appetite for alternative energy sources presents numerous opportunities.

BEACON SOLAR

Beacon International

Beacon International was established as an international wholesale operation based in Hong Kong with a showroom in China. This presents the Beacon Lighting brand to the international market and further leverages Beacon Lighting's core competencies of product development, marketing and logistics. The business is operated by a general manager based in Europe and is supported by a team in China.

Beacon INTERNATIONAL


Beacon
australia's biggest fan sale
australia's biggest fan sale
30% OFF
SHOP CATALOGUE >
fan under $200
Christmas & New Years
TRADING HOURS
FIND A STORE

6. Directors and Management

6. Directors and Management

Set out below are details of the Directors and senior management of the Company.

6.1 Board of Directors

Ian Robinson
Executive Chairman
Age 65

Ian Robinson purchased the first Beacon Lighting store in 1975. Over nearly 40 years, his role has grown from management of the first store to CEO. He assumed the position of Executive Director in July 2013 when he relinquished the role of CEO. He became Executive Chairman in 2014 and he continues to be actively involved in the management and operation of Beacon Lighting on a day-to-day basis.

Ian is highly regarded within the lighting and retail industry in Australia and is a director of the Lighting Council of Australia and is also a director of Indice Ecotech Pty Ltd. He is also President of the Large Format Retailers Association.

(James) Eric Barr
Deputy Chairman
Non-Executive Director, Independent Director
Age 67

Eric Barr was appointed to the Board in 2014 and is Deputy Chairman. He is also the chairman of Beacon Lighting's Remuneration and Nomination Committee.

Eric, a Chartered Accountant, retired from PricewaterhouseCoopers in 2000 after 20 years service as a partner providing multi-disciplinary services to numerous retailers. Since then he has been a director of public and private companies in the United States and Australia, including 10 years as lead director of Reading International Inc. of Los Angeles and is a Director and Chairman of the Audit Committee of Asia Pacific Stock Exchange Limited. Eric is a member of the Australian Institute of Company Directors.

Eric is an independent director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement. The Board considers that Eric's role as an independent adviser to Beacon Lighting for many years leading up to the Prospectus does not compromise his independence. The Board also considers that Eric's previous role as a partner of PricewaterhouseCoopers (the auditors of the Company) does not compromise his independence.

Glen Robinson

Chief Executive Officer

Age 32

Glen Robinson assumed the current role of Chief Executive Officer in July 2013. He has a strong understanding of all aspects of the business with a particular passion for bringing the latest lighting products to market.

Glen started at Beacon Lighting on the sales floor in 1994 and progressed to Trainee Buyer, before becoming Merchandising Manager in 2003. In 2006 he was promoted to General Manager – Merchandise taking responsibility for Beacon Lighting's product range from development through to in-store presentation.

Glen holds a Bachelor of Business (Management).

Neil Osborne

Non-Executive Director, Independent Director

Age 56

Neil Osborne was appointed to the Board in 2014 and is a non-executive Director. He is also chairman of the Company's Audit Committee. Neil is an independent director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement.

Neil has over 30 years experience in the retail industry. He was formerly an Accenture Partner, where he led large strategic projects in Australia and Asia. He has also held a variety of executive positions during an 18 year career with Coles Myer Ltd where he held senior positions in finance (including CFO Myer), supply chain, strategic planning, stores and merchandising.

Neil is a non-executive director of ASX listed Vita Group, Chairman of its Audit and Risk Committee and a member of its Remuneration and Nomination Committee. He is Deputy Chairman of Australian United Retailers which is listed on the National Stock Exchange and trades as FoodWorks and is Chairman of its Audit and Risk Committee. He is a non-executive director of Callista Software Services which is wholly owned by Deakin University. Neil was also a non-executive director of private equity owned Colarado Group Ltd which entered into administration in 2011.

Neil holds a Bachelor of Commerce degree from the University of Queensland, is a CPA and a Fellow of the Australian Institute of Company Directors. He is also a graduate of the Advanced Logistics Program at the University of North Florida.

6.2 Senior Management

Ian Robinson (Executive Chairman) and Glen Robinson (CEO) are also senior management of the Company. Since they are also Directors and are described in Section 6.1, details about them are not repeated here. Other members of the senior management team are as follows:

Ian Bunnett

Managing Director - Retail

Age 57

9 years of service

Ian Bunnett is responsible for overseeing the successful operation of the Company's national retail network, with the assistance of five state sales managers. He is also responsible for the commercial and the web sales teams.

Previously Ian enjoyed an extensive retail career in the footwear industry in senior roles culminating in the position of General Manager of store operations at Payless Shoes. He joined Beacon Lighting to fill a new National Sales Manager role in 2004. In 2013 the importance of his position was recognised with his appointment to his current role.

David Speirs

Chief Financial Officer

Age 49

11 years of service

David Speirs is responsible for the finance and accounting department, and also oversees the distribution and information technology functions. His responsibilities encompass the Company in Australia and internationally and include the development and implementation of business strategies.

David's previous experience includes 10 years within Coles Myer followed by consulting roles where he successfully managed major projects for local and international retailers through KPMG and Deloitte. David holds a BBus (Accounting), MBus (Accounting), Post Grad Dip (Finance) and is a FCPA.

Barry Martens

Chief Operating Officer

Age 52

17 years of service

Barry Martens is responsible for all national and international corporate operations, property and franchising. He oversees the facilities maintenance division and has been instrumental in establishing Beacon Solar and oversees its operation. Barry is also responsible for mergers and acquisitions.

Barry was initially employed by the Company in the role of Marketing Manager, following a career handling retail advertising accounts with Clemenger Harvey and J. Walter Thompson and with Klein's Jewellery heading its national marketing function.

Barry holds a Certificate in Business Studies (Advertising).

Elizabeth Mikkelsen

Group Human Resources Manager

Age 54

10 years of service

Elizabeth Mikkelsen is responsible for providing support to the business across the full range of human resources activities including payroll, safety and compliance, with a focus on developing a strong culture and maximising the performance of Team Members.

Elizabeth's previous human resources experience included an optical retailer in Denmark and the Commonwealth Bank. Australian retail has dominated her career, spending nearly 15 years with Myer in human resources, training and line management positions.

Elizabeth holds a BA (Psych (Hons)) and a Dip (Human Resources).

Prue Robinson

Group Marketing Manager

Aged 37

8 years of service

Prue Robinson is responsible for developing marketing and e-commerce strategies for the Company, working with the internal marketing and design team to maintain strategies to generate traffic to stores and/or the Company's website and to develop the Company's market position and brand integrity.

Prior to joining the Company in 2004, Prue developed her marketing experience in a variety of roles including periods in Sydney and London before spending four years in marketing with Spotlight. Prue holds a Bachelor of Business (Management & Marketing).

Michael (Mick) Tan

Chief Information Officer

Age 53

13 years of service

Mick Tan has responsibility for the strategic direction of the Company's information technology support, infrastructure and development ensuring system operations are aligned to the Company's business strategies.

Mick has more than 30 years experience in information technology and its application in retail. He previously worked in various local companies specialising in retail point of sale systems and also managed the retail support department of Fujitsu Systems Business (Malaysia). Mick holds a Dip (Management), an ICL Certificate (Systems Analysts & Design) and an ICL Certificate (Base Computer Concepts and Programming).

Rodney Brown

National Distribution Manager

Age 52

2 years of service

Rodney Brown has responsibility for the supply chain operations within Australia and overseas, including the operation of the Company's 10,000m^2 distribution centre and the management of third party logistics warehouses. His focus is on reducing costs and improving delivery performance whilst building sustainable supply chain solutions.

Rodney brings extensive supply chain experience to the business. His previous career included domestic and international logistics and the management of distribution centres for Cadbury Schweppes and Fosters Brewing.

Rodney holds a Certificate III (Purchasing), Certificate (Warehouse Management).

Tracey Hutchinson

Finance Manager and Company Secretary

Age 43

2 years of service

Tracey Hutchinson manages the finance and accounting function with responsibility for the integrity of financial systems and reporting.

Tracey's previous experience includes senior financial management roles with various Australian divisions of ASX and internationally listed manufacturers and a wholesale/retail company. Most recently she spent three years as chief financial officer and company secretary for Eyecare Partners which was formerly ASX listed.

Tracey holds a Bachelor of Business (Accounting), a MBus (Administration) and is a CPA.

6.3 Director's Remuneration and Interests

The Directors have the following remuneration and interests.

Ian Robinson	Ian Robinson and his family beneficially hold 118,250,000 Shares as set out in Section 3.5. Given this level of share ownership, Ian has elected to take a less than market remuneration for his role to further align his interests with those of other shareholders. As Executive Chairman Ian is entitled to receive a remuneration package of approximately $210,000 per annum including superannuation and other benefits. For the year ended 30 June 2013 his remuneration was circa $210,000. Ian's contract can be terminated on 12 weeks' notice by either party. A 12 month restraint applies following termination. Other details in relation to Robinson family interests are set out in Section 11.3.
(James) Eric Barr	As Deputy Chairman, Eric is currently entitled to receive fees of $110,000 per annum including superannuation. These fees exclude any additional fee for special services with Beacon Lighting which may be determined from time to time. For the year ended 30 June 2013 Eric's total remuneration was $60,000 including superannuation for his role as advisor to Beacon Lighting.
Glen Robinson	Glen has an interest in the Robinson family as described above in relation to Ian Robinson. Glen has also elected to take a less than market remuneration for his role to further align his interests with those of other shareholders. Glen is employed as CEO and is entitled to receive a remuneration package of $234,523 per annum including superannuation, other benefits and a potential on target cash bonus component. For the year ended 30 June 2013 his remuneration was $170,649. Glen's contract can be terminated on 12 weeks' notice by either party. A 12 month restraint applies following termination. In addition and subject to Shareholder approval, Glen may be entitled to receive up to 70,000 Performance Rights in relation to the 2014 financial year on the same basis as other Team Members as set out in Section 6.4. Other details in relation to Robinson family interests are set out in Section 11.3.
Neil Osborne	As non-executive Director, Neil is currently entitled to receive fees of $100,000 per annum including superannuation. These fees exclude any additional fee for special services with Beacon Lighting which may be determined from time to time.

6.4 Performance Rights

The Company is yet to establish a long term incentive scheme for key executives, although this is something the Board intends to consider in the future. In the meantime, for the 2014 financial year, the Company has enhanced its short term incentive scheme so that certain key executives (including the CEO) will be provided with a portion of their short term incentive bonus in Performance Rights to further align their interests with those of shareholders.

The extent of short term incentives is linked to achievement of the Company's budgeted net profit before tax. The proportion of this that will be taken in cash versus Performance Rights is also linked to the degree of achievement of the Company's budgeted net profit before tax.

The number of Performance Rights issued will be based on the average of the Company's share price 30 days before and after 29 June 2014. The Performance Rights issued will then vest into Shares on a one to one basis, one third shortly after the 2014 financial year financial statements are signed, one third on the first anniversary of the first vesting and one third on the second anniversary of the first vesting. Vested shares will include the entitlement to any final dividend declared in relation to the financial year just ended.

Share vesting will only occur if the executive remains employed by Beacon Lighting at the time vesting is due to occur. If the executive leaves the business for reasons of serious misconduct (including any form of malpractice or fraudulent behaviour), no further share allocations will be made and the value of any previous share allocations will be subject to claw back conditions.

The Performance Rights Plan will be reviewed annually by the Remuneration and Nomination Committee who may make recommendations to the Board as to any proposed changes. Any changes will not impact Performance Rights already awarded and the basis for their vesting into shares.

Assuming the maximum achievement of short term incentives and based on the Offer Price of $0.66, the maximum number of Performance Rights that could be issued for the 2014 financial year is 500,000. These Performance Rights would have a value of $330,000.

The following is a summary of the key terms of the Performance Rights Plan:

- The rules of the Performance Rights Plan enable participation by all eligible Team Members, including executive Directors, as determined by the Board. The Board has the discretion to determine the terms and conditions of a grant of Performance Rights under the Performance Rights Plan, including any vesting conditions, disposal restrictions and the terms of expiry. The Board has discretion to waive vesting conditions at its discretion.
- Unless otherwise determined by the Board, no amount is payable upon the grant or exercise of a Performance Right. Performance Rights cannot be transferred or encumbered without the Board's prior approval. Performance Rights will be forfeited if any vesting conditions are incapable of being satisfied by the end of the applicable vesting period. Unvested Performance Rights will also be forfeited if a participant commits any act of fraud or gross misconduct. Vested Performance Rights which have not expired or been forfeited are automatically exercised upon vesting.
- Unless otherwise determined by the Board, Performance Rights which have not been exercised will expire and cease to exist on the earlier of the following: a participant ceasing to be employed by the Company or one of its subsidiaries; total and permanent disablement or death of a participant; an event of forfeiture in accordance with the Performance Rights Plan rules or the seventh anniversary of the time of grant.
- The Board has discretion to determine that any vesting conditions applicable to unvested rights be waived in the event of a change of control of the Company (e.g. a person acquires a relevant interest in more than 50% of the Company by way of takeover, scheme of arrangement or similar event).
- The number of shares which may be issued under the Performance Rights Plan is subject to a cap of 5% of the Company's issued share capital, calculated in accordance with the Performance Rights Plan rules.
- The Performance Rights are subject to adjustments as to the number of shares the subject of each Performance Right in the event of any capital reorganisation or bonus issue. If the event of a rights issue, the number of Performance Rights will be adjusted in accordance with applicable legal requirements.
- Subject to certain restrictions, the Board has the ability to amend the Performance Rights Plan rules at any time. Each participant appoints the Company as their attorney to give effect to the Performance Rights Plan rules.

A copy of the Performance Rights Plan rules is available from the Company's corporate website,
www.beaconlightinggroup.com.au

7. Risk Factors

7. Risk Factors

7.1 General

There is a number of risk factors associated with the Company and a number of general risk factors associated with an investment in Shares. These risks may individually or in combination materially and adversely affect the future operating and financial performance of the Company and accordingly the value of Shares. Many of these risks are outside the control and influence of the Directors and management. There can be no guarantee that the Company will achieve its stated objectives or that any of the forward looking statements or projections will eventuate.

This Section describes the major risks associated with an investment in the Company. The risks have been separated into business risk factors specific to the Company and general risk factors associated with any investment in shares.

All investors need to be aware that this is not an exhaustive list of risks associated with an investment with the Company and this information needs to be considered in conjunction with all the other information disclosed in the Prospectus. Before making any investment in Shares, you should seek professional guidance from your stockbroker, solicitor, accountant or other qualified professional adviser before deciding whether to invest.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, in considering the Prospectus for the Company, should consider the assumptions underlying the prospective financial information and the risk factors that could affect the future performance of the Company.

7.2 Company Specific Risk Factors

Company specific risk factors are as follows:

Risk	Summary
Retail environment and general economic conditions	The Company is sensitive to the current state and future changes in the retail environment and general economic conditions. If the Australian economic conditions were to adversely deteriorate, there is a risk that the retail environment will deteriorate as consumers reduce their consumption and redirect their spending. Sustained weak economic conditions and consumer sentiment could affect sales and margins and may have a material adverse impact upon the Company's future financial performance and financial position.
Competition	The Company operates in a competitive retail market which is subject to moderate barriers to entry and is subject to changing consumer preferences. The Company's competition includes specialty lighting stores, hardware stores, electrical wholesalers, international retailers and online retailers. Competition is based on a variety of factors including merchandise range, price, store locations, new store rollout, store presentation, technology and customer service. The Company's competitive position may be adversely impacted by an existing or new competitor who attempts to aggressively grow its market share through store rollout, widespread promotion and discounting. If the Company is not successful in competing in such an environment, then this may impact the Company's competitive position resulting in loss of market share, sales and margins and have an adverse impact upon the Company's future financial performance
Product sourcing	The Company's products are sourced and manufactured by a variety of third party factories, primarily in China. The co-ordination and management of this product sourcing process is performed by a number of buying agents. The key risks associated with the Company's product sourcing include the loss or interruption to the business of major factories, increased cost of materials, increased cost of manufacturing, delays or failure in processing orders, reduction in the quality of the manufactured products, imposition

Risk	Summary
Product sourcing cont	of additional taxes and duties and the failure of the buying agents to adequately perform their responsibilities. The international sourcing and manufacturing of products carries with it a degree of sovereign risk. The actions of government agencies in Australia and overseas can impact on Beacon Lighting's product sourcing and manufacturing. Any of these identified risks may result in the increase of product sourcing costs for the Company or a reduction in the available range. This may adversely impact upon sales and margins thereby reducing overall profitability and future financial performance of the Company.
Exchange rates	The majority of goods that are purchased and imported by the Company are purchased in US dollars. Consequently the risk is that the Company is exposed to fluctuations in the AUD/USD exchange rate if the Company is not able to adjust prices to compensate accordingly. While the Company is engaged in AUD/USD currency hedging and options which provide some exchange rate certainty, adverse movements in this exchange rate may have a material negative impact upon the Company's future financial performance.
Product failure	Being a vertically integrated business self supplying over 90% of stock much of which is technical product, there is a risk of some product failure. The risk or potential liability will be dependent on the extent of the failure rate and the volume of product in the market. Potential liability could extend to warranty or rework costs or total product recalls.
Beacon Lighting brand name may diminish	The Beacon Lighting brand is a key aspect of the business. The reputation and value of the brand may be adversely affected by a number of factors including failure to provide customers with the quality of products and services they expect, disputes or litigation with third parties that could include suppliers, Team Members, customers or adverse media coverage (including social media). Significant erosion in the reputation of, or value associated with the brand would have an adverse effect on the Company's future performance.
Growth strategies	The Company has a number of strategies to support future growth and earnings. There is a risk that the implementation of these strategies will be subject to delays or cost overruns and there is no guarantee that these strategies will generate the full benefits anticipated or result in future sales and earnings growth. Furthermore, the implementation of these growth strategies may lead to changes to the Company's business or the customer experience which may result in unintended adverse consequences if such changes affect customer preferences.
Ability to attract and retain Team Members	The Company's success is dependent upon its ability to attract and retain key Team Members, including key management as detailed in this Prospectus. The key management have extensive experience in and knowledge of the Australian retail industry and of the Company's business. The loss of key management and other Team Members and the inability to recruit suitable replacements or additional personnel may adversely affect the Company's future financial performance.
Supplier and buying agent relationships	The Company has a number of long standing supplier and buying agent relationships. These relationships are often governed by individual purchase orders and invoices are based upon many years of mutually beneficial trade. The key risks associated with these relationships are that the purchasing arrangements can be changed without incurring significant penalties, the supplier may cease trading, changing price levels, production difficulties or delays and the failure to ship orders in the required timeframes. If any of these risks occur and the Company is unable to make acceptable alternative arrangements, the Company may incur stock shortages, a reduction in sales and a loss of market share which may impact adversely affecting its future financial performance.

Risk	Summary
Lighting technology development	One of the Company's competitive advantages is being at the forefront of technological advancement in relation to product design and development. The Company therefore needs to embrace the latest technology to ensure it is first to market with proven tested technology ahead of its competitors and place sufficient order quantities to meet demand. The Company is therefore exposed to the possibility of developing technology making existing stock redundant.
Employment costs	The Company has a number of enterprise agreements with Team Members which periodically require renegotiation and renewal. During renegotiation and renewal, any failure to reach agreement on acceptable terms could result in interruption to the business. In addition, negotiations could put upwards pressure on wages which could adversely affect the future financial performance of the Company.
Interruptions to management systems	The effective operation of the Company's business is dependent upon key management information systems. These systems are heavily relied upon to manage all key aspects of the business including point of sale, warehouse management, replenishment, forecasting, marketing and advertising, e-commerce, financial, payroll, human resources and the safeguarding of critical and sensitive information. The failure of any of these systems to perform as expected could affect the Company's ability to trade and may have an adverse effect on the company's future financial performance.
Interruptions to business operations	The Company may be exposed to short, medium or long term interruptions to its operations arising from events which could include but not limited to industrial disputes, work stoppages, acts of terrorism, fires, floods, earthquakes and other natural disasters. Any of these events could result in losses which may adversely affect the Company's future financial performance.
Entry into tax consolidation	The Company is not presently a consolidated group for taxation purposes. The Company may enter tax consolidation in the future if this is considered to be advantageous, although this would not occur in FY2014. There is a risk that depending on the tax laws at the time the tax carrying value of certain assets may be reduced. This may result in a one off tax expense and provision for deferred tax liability being recognised for accounting purposes, with a tax cash cost spread over five years. The Director's estimate, based on a conservative interpretation of current laws, that the reduction in the tax carrying value of assets could be circa $1 million. The Board of Taxation has made a recommendation to government that the relevant legislation be amended to allow entry into tax consolidation without this detrimental impact.
Landlord partnerships	The Company's growth prospects are based on the ability to open and operate new stores on a profitable basis. The store rollout program is dependent upon the ability to partner with landlords to secure suitable locations on acceptable terms. A significant increase in rental costs associated with new stores could impact upon margins and profitability of some stores. Similarly, the inability to source new locations in target areas to renew or maintain existing leases could reduce the Company's ability to continue to expand its store footprint.
Existing Shareholder will retain a significant Shareholding	Heystead holds 55% of the Shares with effect from completion of the Offer. This significant shareholding means it has the ability to control the appointment of Directors, the appointment of new management and the potential outcome of all matters submitted to a vote of the Shareholders. The interests of Heystead may differ from the interests of the Company and that of other shareholders. Any sale of Shares in the future by Heystead could adversely affect the market price of the Shares, (not that any such sale is presently expected and its shareholding is subject to a two year voluntary escrow following listing).

7.3 General Risk Factors

General risks associated with any investment in listed securities are described below.

Risk	Summary
Price of Shares may Fluctuate	There are pricing risks associated with any stock market investment on the ASX. The share prices on the ASX may rise or fall due to investor sentiments, general economic conditions and outlook, international and local stock markets, employment, inflation, interest rates, government policy, taxation and regulations.
Trading and Liquidity in Shares	There is no guarantee that there will be an active market in Shares listed on the ASX. There may be few potential buyers and sellers of Shares at any point in time which will impact upon Share liquidity. This may increase the volatility of the market price of the Shares. This may also impact upon the ability of the Shareholders to be able to sell their Shares at a price that is more or less than that paid by the Shareholder.
Taxation Changes	Any taxation changes (such as income tax) may impact upon Shareholder returns. In addition, personal tax changes may impact differently to Shareholders and may similarly impact upon Shareholder returns.
Regulatory Matters	The Company complies with a wide range of laws, regulations and accounting standards. Future changes to these laws, regulations and accounting standards from time to time could adversely affect the Company's future financial performance and position.
Force Majeure Events	Events could occur within or outside Australia which could impact upon the world economy, the Australian economy, the operations of the Company and the trading price of Shares. These events could include war, acts of terrorism, international hostilities, labour strikes, fires, floods, earthquakes and other natural events.

8. Financial Information

8. Financial Information

8.1 Introduction

This section contains both the historical and forecast financial information for Beacon Lighting.

Statutory Historical Financial Information being the:

- Statutory net profit after tax ("Statutory NPAT") for the years ended 24 June 2012 and 30 June 2013, and half years ended 23 December 2012 and 29 December 2013;
- Statutory operating cash flows for the years ended 24 June 2012 and 30 June 2013, and half years ended 23 December 2012 and 29 December 2013; and
- Statutory balance sheet as at 29 December 2013.

The statutory information as explained in Section 8.3 has been based on the audited and reviewed accounts of Beacon Lighting Corporation Pty Ltd.

Pro Forma Historical Financial Information being the:

- Pro forma historical income statements for the years ended 24 June 2012 and 30 June 2013, and half years ended 23 December 2012 and 29 December 2013;
- Pro forma historical operating cash flows for the years ended 24 June 2012 and 30 June 2013, and half years ended 23 December 2012 and 29 December 2013; and
- Pro forma balance sheet as at 29 December 2013.

The Pro Forma Historical Financial Information assumes the completion of the Offer.

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

Statutory Forecast being the:

- Statutory forecast income statement for the year ending 29 June 2014; and
- Statutory forecast operating cash flow for the year ending 29 June 2014.

Pro Forma Forecast being the:

- Pro forma forecast income statement for the year ending 29 June 2014; and
- Pro forma forecast operating cash flow for the year ending 29 June 2014.

The Statutory Forecast and the Pro Forma Forecast each assume completion of the Offer.

The Statutory Forecast and the Pro Forma Forecast are collectively the Forecast Financial Information.

Also summarised in this Financial Information Section are:

- The basis of preparation of the Financial Information (see Section 8.2);
- The Directors best estimate assumptions underlying the Forecast Financial Information (see Section 8.12); and
- An analysis of the sensitivity of FY2014 Pro forma EBITDA to changes in key assumptions (see Section 8.13).

The Financial Information has been reviewed by PricewaterhouseCoopers Securities Ltd ("PwCS"), whose Investigating Accountant's Report is contained in Section 9.

The information in this Section should also be read in conjunction with the risk factors set out in Section 7 and other information contained in this Prospectus.

All amounts disclosed in Section 8 are presented in Australian dollars and, unless otherwise noted are rounded to the nearest $1,000.

8.2 Basis of Preparation and Presentation of the Financial Information

The Financial Information included in this Section has been prepared and presented in accordance with the recognition and measurement principals described in Australian Accounting Standards. Compliance with these standards ensures that the Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards as adopted by the International Accounting Standards Board.

A summary of significant accounting policies relevant to the Financial Information can be found on the Company's website **www.beaconlightinggroup.com.au.**

The summary has also been lodged with ASIC, and you may obtain a copy of it free of charge on request to the Company.

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

8.3 Preparation of Historical Financial Information

On 5 June 2013, a new entity, Beacon Lighting Group Limited was established and on 29 August 2013 it became the owner of a 55% interest in Beacon Lighting Corporation Pty Ltd. This has been accounted for as a capital reorganisation where there has been a new head company inserted on top of the existing Beacon Lighting Corporation Pty Ltd.

The consolidated accounts of Beacon Lighting will therefore be a continuation of Beacon Lighting Corporation Pty Ltd. The historical information presented in this financial section has therefore been based on the audited accounts of Beacon Lighting Corporation Pty Ltd with the exception that a non-controlling interest has been recognised to represent the equity in Beacon Lighting Corporation Pty Ltd currently owned by the Exiting Party. Following completion of the Offer, the Company will acquire 100% of Beacon Lighting Corporation Pty Ltd. Further information on the Beacon Lighting corporate structure is set out in Section 11.15.

PricewaterhouseCoopers audited the FY2012 and FY2013 statutory financial statements and issued unqualified opinions for each of those periods. PwCS reviewed the H1 FY2013 and H1 FY2014 financial statements and issued unqualified opinions for each of those periods.

In preparing the Pro Forma Historical Financial Information, a number of adjustments were made to the audited or reviewed results. The Company considered these adjustments appropriate to exclude non-recurring items, details of which are set out in Section 8.8. A reconciliation of the audited or reviewed financial statements to the pro forma historical income statements is also provided in Section 8.8.

8.4 Preparation of Forecast Financial Information

The Forecast Financial Information has been based on a number of assumptions, including the best estimate assumptions set out in Section 8.12. This information is intended to assist potential investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Directors believe that they have prepared the Forecast Financial Information with due care and attention, and consider all best estimate assumptions when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and potential investors are cautioned not to place undue reliance on the Forecast Financial Information.

Both the statutory forecast income and cash flow statements for FY2014 are based on the reviewed statements for H1 FY2014, unaudited financial results for one month to 2 February 2014 per Beacon Lighting management accounts and Beacon Lighting's best estimate forecast for the 5 months to 29 June 2014.

Beacon Lighting operates on a retail accounting calendar which consists of four 13 week quarters. Each 13 week quarter has three accounting periods consisting of five weeks, four weeks and four weeks. Every seven years, Beacon Lighting will have a 53 week year which will bring the end of year reporting date back into line with 30 June. The impact of the 53rd week in FY2013 and H1 FY2013 has been adjusted to ensure results are comparative to the other half year and annual periods.

Potential investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial information, and that this may have a material positive or negative effect on the Company's actual financial performance or financial position. Potential investors are advised to review the best estimate assumptions set out in Section 8.12, in conjunction with the sensitivity analysis set out in Section 8.13, the risk factors set out in Section 7 and other information set out in the Prospectus.

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

8.5 Explanation of Certain Non-International Financial Reporting Standards ("IFRS") Financial Measures

Beacon Lighting uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to in Section 8 as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

Other Income includes all income and revenue received other than from the sales of goods.

Operating Expenses are classified by their function but exclude depreciation and amortisation. It is intended that Beacon Lighting audited financial statements will classify expenses by their function inclusive of depreciation and amortisation.

EBITDA is earnings before interest, tax, depreciation and amortisation expenses.

EBIT is earnings before interest and tax.

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

8.6 Summary of Pro Forma Historical and Pro Forma Forecast Income Statements

Set out below in Table 8.6.1 is a summary of the Company's pro forma historical income statement for FY2012, FY2013, the pro forma forecast income statement for FY2014 and the statutory forecast income statement for FY2014.

Table 8.6.1: Summary Historical Income Statement Information for FY2012 and FY2013 and Summary Forecast Income Statements for FY2014.

		Pro Forma Historical [1]		Pro Forma Forecast [2]	Statutory Forecast
$'000	Notes	FY2012	FY2013	FY2014	FY2014
Sales		**120,626**	**132,932**	**150,261**	**150,261**
Gross Profit		78,367	85,599	96,611	96,611
Other Income	3	5,387	4,575	4,428	5,503
Marketing Expenses	4	(9,033)	(8,966)	(9,794)	(9,794)
Selling and Distribution Expenses	5	(47,835)	(52,337)	(59,573)	(59,573)
General and Administration Expenses	6	(11,022)	(12,256)	(12,407)	(13,456)
Operating Expenses	7	(67,890)	(73,559)	(81,774)	(82,823)
EBITDA		**15,864**	**16,615**	**19,265**	**19,291**
Depreciation and Amortisation		(1,831)	(2,104)	(2,063)	(2,062)
EBIT		**14,033**	**14,511**	**17,202**	**17,229**
Net Interest Expenses		(592)	(926)	(829)	(829)
Profit Before Tax		**13,441**	**13,585**	**16,373**	**16,400**
Income Tax Expense		(4,155)	(4,129)	(4,912)	(4,920)
NPAT		**9,286**	**9,456**	**11,461**	**11,480**

1. The pro forma historical income statements are reconciled to the statutory historical income statements in Section 8.8.
2. The pro forma forecast income statement is reconciled to the statutory forecast income statement in Section 8.8.
3. Other income relates to all revenue and income other than revenue from the sale of goods. This includes franchise store royalties, franchise store income contributions to the marketing fund and third party related supplier income.
4. Marketing expenses relate to the costs of promotional campaigns and the costs of the marketing team.
5. Selling and distribution expenses relate to the costs of company stores, sales offices, supply chain and sales support functions.
6. General and administration expenses relate to the costs of the business infrastructure and the Store Support Centre and the store support teams.
7. Operating expenses is the sum of marketing expenses, selling and distribution expenses and general and administration expenses.

In addition, set out in Table 8.6.2 is a summary of the pro forma historical income statements for H1 FY2013 and H1 FY2014.

Table 8.6.2: Summary Historical Income Statement Information for H1 FY2013 and H1 FY2014.

		Pro Forma Historical [1]	
$'000	Notes	H1 FY2013	H1 FY2014
Sales		**66,061**	**74,497**
Gross Profit		42,222	49,145
Other Income	3	2,264	2,127
Marketing Expenses	4	(4,552)	(4,844)
Selling and Distribution Expenses	5	(25,676)	(29,359)
General and Administration Expenses	6	(6,002)	(6,104)
Operating Expenses	7	(36,230)	(40,307)
EBITDA		**8,256**	**10,965**
Depreciation and Amortisation		(1,023)	(931)
EBIT		**7,233**	**10,034**
Net Interest Expenses		(534)	(483)
Profit Before Tax		**6,699**	**9,551**
Income Tax Expense		(2,040)	(2,867)
NPAT		**4,659**	**6,684**

Notes: Refer to Table 8.6.1 for the notes relating to this table.

8.7 Key Operating Metrics

Set out in Table 8.7.1 is a summary of the Company's key operating metrics on a pro forma historical basis for FY2012 and FY2013, the key operating metrics for the pro forma forecast for FY2014 and statutory forecast for FY2014.

Table 8.7.1: Summary of Pro Forma Key Operating Metrics for FY2012 and FY2013 and Summary Forecast Key Operating Metrics for FY2014.

		Pro Forma Historical		Pro Forma Forecast	Statutory Forecast
$'000	Notes	FY2012	FY2013	FY2014	FY2014
No. of Beacon Lighting Company Stores	1	58	64	71	71
Total Sales Growth %	2	10.1%	10.2%	13.0%	13.0%
Comparative Store Sales Growth %	3	2.7%	1.2%	4.9%	4.9%
Gross Profit Margin (% of Sales)	4	65.0%	64.4%	64.3%	64.3%
Other Income (% of Sales)	4	4.5%	3.4%	2.9%	3.7%
Operating Expenses (% of Sales)	4	56.3%	55.3%	54.4%	55.1%
EBITDA (% of Sales)	4	13.2%	12.5%	12.8%	12.8%
EBIT (% of Sales)	4	11.6%	10.9%	11.4%	11.5%

1. The number of Beacon Lighting company stores excluding franchise stores and commercial sales offices at the end of each period.
2. Total sales growth for the Company excludes sales from Beacon Lighting franchise stores and non-continuing businesses.
3. Comparative store sales growth relates to the growth rate in Beacon Lighting company stores who have been trading for more than 12 months at the start of the financial year as company stores.
4. Operating metrics percentages of sales have been calculated by reference to the pro forma historical, pro forma forecast and statutory forecast sales in the respective years.

In addition, Table 8.7.2 sets out a summary of Beacon Lighting's key operating pro forma historical metrics for H1 FY2013 and H1 FY2014.

Table 8.7.2: Summary of the Key Operating Metrics for H1 FY2013 and H1 FY2014.

		Pro Forma Historical	
$'000	Notes	H1 FY2013	H1 FY2014
No. of Beacon Lighting Company Stores	1	62	68
Total Sales Growth %	2	6.5%	12.8%
Comparative Store Sales Growth %	3	(2.3)%	5.1%
Gross Profit Margin (% of Sales)	4	63.9%	66.0%
Other Income (% of Sales)	4	3.4%	2.9%
Operating Expenses (% of Sales)	4	54.8%	54.1%
EBITDA (% of Sales)	4	12.5%	14.7%
EBIT (% of Sales)	4	10.9%	13.5%

Notes: Refer to Table 8.7.1 for the notes relating to this table.

8.8 Pro Forma Adjustments to the Statutory Income Statements

In presenting the pro forma income statements included in Section 8, certain adjustments to the audited statutory income statements have been made to exclude the impact of certain non-recurring items and normalisation adjustments. These adjustments are summarised below in Table 8.8.1 for the historical income statements for FY2012, FY2013 and the forecast income statement for FY2014.

As Beacon Lighting became the controlling shareholder of Beacon Lighting Corporation Pty Ltd on 29 August 2013, the historical pro forma information has been reconciled to the Beacon Lighting Corporation Pty Ltd audited and reviewed results for the historical full year and half year periods for sales and NPAT. There are no differences between Beacon Lighting and Beacon Lighting Corporation Pty Ltd other than a non controlling interest that existed up until the time of the Offer at which time the Offer proceeds will be used to buy out the non controlling interest.

Table 8.8.1: Pro Forma Adjustments to the Audited Statutory Historical Income Statements for FY2012 and FY2013 and the Statutory Forecast Income Statement for FY2014.

		Historical		Forecast
$'000	Notes	FY2012	FY2013	FY2014
Statutory sales		**124,604**	**143,250**	**150,261**
Adjustment for 53 week period	1	-	(2,484)	-
Discontinued Operation	2	(765)	-	-
Elimination of Intra Group sales	3	(3,213)	(7,834)	-
Pro forma sales		**120,626**	**132,932**	**150,261**
Statutory NPAT		**9,561**	**9,865**	**11,480**
Adjustment for 53 week period	1	-	(380)	-
Discontinued Operation	2	448	-	-
Duty Refund	4	-	-	(803)
Warranty Provision	5	-	-	861
Interest	6	(637)	-	-
Public Company Costs	7	(205)	(205)	(85)
Income Tax Effect	8	119	176	8
Pro forma NPAT		**9,286**	**9,456**	**11,461**

1. FY2013 has been adjusted to remove the 53rd week of trading and align the number of trading weeks (i.e. 52 weeks) with FY2012 and FY2014.
2. Beacon Lighting previously offered electrical installation services to customers. This service has been discontinued. As a result, this adjustment represents the removal of a discontinued business from the statutory financial information.
3. Elimination of intra group sales represents an adjustment to previously reported sales to reflect appropriate elimination of intra group sales. This adjustment is eliminated in gross profit and therefore has no impact to the NPAT result.
4. An independent review was conducted on the duties historically applied to the products imported by Beacon Lighting. As a result of this review, the historical duty tariff rates were revised and Beacon Lighting received a refund.
5. Adjustment for the one off financial impact of recognising a warranty provision. The prior period impact of this change is not material.
6. Adjustment to interest revenue received on loans made to related party entities.
7. Adjustment to include the Company's estimate of the incremental annual costs that would be incurred as a listed public company. The Company already incurs costs that typically relate to operating as a listed company, consequently the quantum of these incremental costs are not significant.
8. Cumulative income tax effect on all of the adjustments that have been made between the Statutory and Pro forma accounts.

In addition, Table 8.8.2 sets out a summary of the historical income statement adjustments for H1 FY2013 and H1 FY2014.

Table 8.8.2: Pro Forma Adjustments to the reviewed Statutory Historical Income Statements for H1 FY2013 and H1 FY2014.

		Historical	
$'000	Notes	H1 FY2013	H1 FY2014
Statutory sales		**66,831**	**74,497**
Adjustment for 53 week period	1	(770)	-
Pro forma sales		**66,061**	**74,497**
Statutory NPAT		**5,136**	**6,717**
Adjustment for 53 week period	1	(579)	-
Duty Refund	4	-	(803)
Warranty Provision	5	-	861
Public Company Costs	7	(103)	(103)
Income Tax Effect	8	205	12
Pro forma NPAT		**4,659**	**6,684**

1. An adjustment to ensure that the trading result of H1 FY2013 include the 26 weeks up to and including the Christmas week of trade.

Notes 4 - 8: Refer to Table 8.8.1 for the other notes relating to this table.

8.9 Statutory and Pro Forma Statement of Financial Position

Set out in Table 8.9.1 is the reviewed Beacon Lighting Corporation Pty Ltd balance sheet as at 29 December 2013. Pro forma adjustments have been made to take into account the Company's ownership of Beacon Lighting Corporation Pty Ltd by recognising a non controlling interest. Further adjustments have been made primarily to recognise the effect of the Offer proceeds and transaction costs. The pro forma balance sheet at 29 December 2013 represents the pro forma balance sheet of Beacon Lighting.

Table 8.9.1: Pro Forma Historical Balance Sheet as at 29 December 2013

$'000	Notes	Beacon Lighting Corporation Pty Ltd	Non Controlling Interest [2]	Shareholder Related Transactions [3]	Impact of Offer [4]	Payment to Exiting Party [5]	Pro Forma Beacon Lighting
Current assets							
Cash		14,774	-	(2,300)	61,880	(63,855)	10,499
Receivables		14,819	-	(9,050)	-	-	5,769
Inventories		34,625	-	-	-	-	34,625
Derivative financial instruments		149	-	-	-	-	149
Other current assets		126	-	-	-	-	126
Total current assets		**64,493**	**-**	**(11,350)**	**61,880**	**(63,855)**	**51,168**
Non current assets							
Property, plant and equipment		15,291	-	-	-	-	15,291
Deferred tax assets		2,651	-	-	-	-	2,651
Intangible assets		3,435	-	-	-	-	3,435
Total non current assets		**21,377**	**-**	**-**	**-**	**-**	**21,377**
Total assets		**85,870**	**-**	**(11,350)**	**61,880**	**(63,855)**	**72,545**
Current liabilities							
Payables	1	36,503	-	(6,050)	-	-	30,453
Interest bearing liabilities		748	-	-	-	-	748
Provisions		3,941	-	-	-	-	3,941
Current tax liabilities		1,345	-	-	-	-	1,345
Total current liabilities		**42,537**	**-**	**(6,050)**	**-**	**-**	**36,487**
Non current liabilities							
Interest bearing liabilities		1,024	-	-	-	-	1,024
Provisions		525	-	-	-	-	525
Total non current liabilities		**1,549**	**-**	**-**	**-**	**-**	**1,549**
Total liabilities		**44,086**	**-**	**(6,050)**	**-**	**-**	**38,036**
Net assets		**41,784**	**-**	**(5,300)**	**61,880**	**(63,855)**	**34,509**
Equity							
Equity and other reserves		41,784	(18,803)	(2,915)	61,880	(47,437)	34,509
Non controlling interest		-	18,803	(2,385)	-	(16,418)	-
Total equity		**41,784**	**-**	**(5,300)**	**61,880**	**(63,855)**	**34,509**

1. Payables also include interest bearing trade finance loans (see Section 8.9.1).
2. Reflects the 45% non controlling interest in Beacon Lighting Corporation Pty Ltd arising upon consolidation into Beacon Lighting Group Limited.
3. Reflects a $5.3 million dividend declared after year end to the shareholders of Beacon Lighting Corporation Pty Ltd prior to the completion of the Offer. At 29 December 2013, $3.0 million of this dividend had been advanced to the shareholders. In addition, $6.0 million represents a receivable from a related party and a prior dividend payable to shareholders which will be settled prior to the completion of the Offer.
4. Cash and Equity increase reflecting the equity raised through proceeds of the Offer of $63.9 million less the costs of the Offer of $2.0 million. The costs of the Offer are net of the underwriter fees payable by the Exiting Party.
5. Payment of $63.9 million to the Exiting Party in exchange for their 45% non controlling interest in Beacon Lighting Corporation Pty Ltd.

8.9.1 Indebtedness and Capitalisation

Table 8.9.1.1 sets out the indebtedness and capitalisation of Beacon Lighting as at 29 December 2013 before the Offer based on the reviewed statutory accounts for Beacon Lighting Corporation Pty Ltd and following the completion of the Offer for Beacon Lighting Group Ltd.

Table 8.9.1.1: Pro Forma Historical Indebtedness and Capitalisation as at 29 December 2013 on a Statutory (before the Offer) and Pro Forma (after the Offer) Basis.

$'000	Notes	Before the Offer	After the Offer
Cash	1	(14,774)	(10,499)
Trade Finance	2	13,676	13,676
Other borrowings	3	1,772	1,772
Total net indebtedness		**674**	**4,949**
Total capitalisation	**4**	**41,784**	**34,509**

1. Cash and cash equivalents as shown in Table 8.9.1.
2. Trade finance relates to working capital facilities provided to the Company to fund inventory purchases for a period up to 180 days.
3. Other borrowings include both current and non-current liabilities that relate to asset finance which is used to fund asset purchases such as cars and store fixture and fittings.
4. Total capitalisation includes contributed equity, reserves and retained earnings.

The Company has entered into banking facility agreements with the ANZ Bank and the Bank of Melbourne. These facilities are not anticipated to be fully drawn over the forecast period but are intended to provide Beacon Lighting with additional funding flexibility in the event of any unforeseen short term working capital requirements. The current banking facilities are presented in Table 8.9.1.2.

Table 8.9.1.2: Current Banking Facilities

$'000	Notes	ANZ Bank [2]	Bank of Melbourne [3]	Total [4]
Trade Finance Facility		17,500	6,250	23,750
Asset Finance Facility	1	1,500	2,000	3,500
Overdraft Facility		500	-	500
Total Facilities		**19,500**	**8,250**	**27,750**

1. Asset finance facilities relate to facilities to fund the purchase of asset such as cars and store fixture and fittings.
2. The ANZ Bank facilities are secured by a first registered charge over Beacon Lighting Corporation Pty Ltd and subsidiaries.
3. The Bank of Melbourne facilities are secured by unlimited guarantee and indemnities from Beacon Lighting Corporation Pty Ltd and subsidiaries.
4. Total facilities are the sum of the facilities offered by the ANZ Bank and the Bank of Melbourne. For the drawings from these banking facilities as at 29 December 2013, please refer to Table 8.9.1.1.

8.9.2 Liquidity and Capital Resources

Following completion of the Offer, the Company's principal sources of funds will be the trade finance facilities in addition to the cash flow from operations.

Beacon Lighting's historical and forecast working capital and capital expenditure are set out in Sections 8.11 and 8.12. The majority of Beacon Lighting's capital expenditure relates to opening of new stores, continued investment in existing stores, investment in information technology, motor vehicles and other plant and equipment. The Company expects to have sufficient cash flow to meet its stated objectives during FY2014.

8.9.3 Contractual Obligations and Commitments

Table 8.9.3.1 summarises Beacon Lighting's contractual obligations and commitments relating to existing finance and operating leases as at 29 December 2013.

Table 8.9.3.1: Contractual Obligations and Commitments as at 29 December 2013.

		Payments due by period ('$000)		
	Notes	< 1 year	1-5 years	> 5 years
Finance Lease Commitments	1	748	1,024	-
Operating Lease Commitments	2	12,810	36,514	3,319

1. Finance lease obligations relating to contractual commitments for lease asset finance.
2. Operating lease obligations in relation to contractual commitments for the lease of the stores, distribution centre and Store Support Centre. Beacon Lighting leases a number of properties including two stores and a warehouse from a related party (refer to Section 11.3). The Directors confirm that all lease arrangements are based on arms length terms.

8.10 Pro Forma Historical and Pro Forma Forecast Operating Cash Flows

Set out in the Table 8.10.1 is a summary of Beacon Lighting's pro forma historical operating cash flows for FY2012 and FY2013, the pro forma forecast and the statutory forecast operating cash flows for FY2014.

Table 8.10.1: Pro Forma Historical and Forecast Operating Cash Flows from FY2012, FY2013 and FY2014 and Statutory Forecast Operating Cash Flows for FY2014.

		Pro Forma Historical		Pro Forma Forecast	Statutory Forecast
$'000	Notes	FY2012	FY2013	FY2014	FY2014
EBITDA		**15,864**	**16,615**	**19,265**	**19,291**
Change in working capital		(1,576)	1,913	1,051	1,051
Change in other non-cash items in EBITDA		(235)	345	71	71
Capital expenditure - stores	1	(2,282)	(2,167)	(1,059)	(1,059)
Capital expenditure - other	2	(1,540)	(260)	(691)	(691)
Finance costs		(592)	(934)	(914)	(914)
Income tax paid		(3,991)	(4,803)	(4,920)	(5,169)
Operating cash flow after capital expenditure		**5,648**	**10,709**	**12,803**	**12,580**

1. Relates to fit out of new stores, refurbishment and relocation of existing stores. It excludes information technology assets in stores.
2. Relates to such assets as motor vehicles, information technology and assets at the Distribution Centre and Store Support Centre. In FY2012, Beacon Lighting physically relocated the Store Support Centre accounting for the significant increase in other capital expenditure for that period.

In addition, set out in the Table 8.10.2 is a summary of Beacon Lighting's pro forma historical operating cash flows for H1 FY2013 and H1 FY2014.

Table 8.10.2: Pro Forma Historical Operating Cash Flows for H1 FY2013 and H1 FY2014.

		Pro Forma Historical	
$'000	Notes	H1 FY2013	H1 FY2014
EBITDA		**8,256**	**10,965**
Change in working capital		(683)	4,719
Change in other non-cash items in EBITDA		508	51
Capital expenditure - stores	1	(1,012)	(376)
Capital expenditure - other	2	(457)	(417)
Finance costs		(536)	(475)
Income tax paid		(1,401)	(2,847)
Operating cash flow after capital expenditure		**4,675**	**11,620**

Notes: Refer to Table 8.10.1 for the notes relating to this table.

8.10.1 Pro Forma Adjustments to the Statutory Operating Cash Flows

Table 8.10.1.1 sets out the adjustments that have been made to the audited statutory historical operating cash flows for FY2012 and FY2013 and the statutory forecast operating cash flows for FY2014 to eliminate certain non-recurring items.

Table 8.10.1.1 Pro Forma Adjustments to the Audited Statutory Operating Cash Flows for FY2012 and FY2013 and the Statutory Forecast Operating Cash Flow for FY2014.

		Historical		Forecast
$'000	Notes	FY2012	FY2013	FY2014
Statutory operating cash flow after capital expenditure		**5,924**	**11,147**	**12,580**
Adjustment for 53 week period	1	-	(418)	-
Discontinued Operation	2	448	-	-
Duty refund	4	-	-	(803)
Warranty provision	5	-	-	861
Interest	6	(637)	-	-
Public company costs	7	(205)	(205)	(85)
Income tax effect	8	118	185	250
Pro forma operating cash flow after capital expenditure		**5,648**	**10,709**	**12,803**

Notes: Refer to Table 8.8.1 for the notes relating to this table.

Table 8.10.1.2 sets out the adjustments that have been made to the reviewed statutory historical operating cash flows for H1 FY2013 and H1 FY2014 to eliminate certain non-recurring items.

Table 8.10.1.2: Pro Forma Adjustments to the Reviewed Statutory Operating Cash Flows for H1 FY2013 and H1 FY2014.

		Historical	
$'000	Notes	H1 FY2013	H1 FY2014
Statutory operating cash flow after capital expenditure		**5,152**	**11,394**
Adjustment for 53 week period	1	(579)	-
Duty refund	4	-	(803)
Warranty provision	5	-	861
Public company costs	7	(103)	(103)
Income tax effect	8	205	271
Pro forma operating cash flow after capital expenditure		**4,675**	**11,620**

Notes: Refer to Table 8.8.1 for the notes relating to this table.

8.11 Management Discussion and Analysis of Historical Results

8.11.1 General Factors Affecting the Operating Results of the Company

Below is a summary of the main factors which affected the Company's operations and financial performance in FY2012, FY2013, H1 FY2013 and H1 FY2014. Beacon Lighting anticipates that these factors may continue to affect operating and financial performance of the Company in future periods.

The general factors described below are a summary only and do not represent all factors that affected the Company's financial performance or all factors that are expected to affect operating and financial performance in future periods. The information in this Section should be read in conjunction with the risk factors set out in Section 7 and other information contained in this Prospectus.

Market Conditions

The Company's financial performance is impacted by the general market conditions and their subsequent impact on the retail environment. The market conditions including consumer confidence, business confidence, interest rates, population increases and auction clearance rates all contribute to an environment that impacts the financial performance of the Company.

Sales

Comparative company store sales growth is a significant driver of Beacon Lighting sales. A comparative store is a company store that has been operating as a company store for the entire period of the previous financial or half year.

New store openings are also a key driver of sales. The rate of new store openings is impacted by the store formats, site suitability, business capacity and the general economic environment. The number of new store openings is therefore a key sales driver

Gross Profit

The gross profit achieved is a reflection of Beacon Lighting being a vertically integrated retailer selling predominately exclusive products that may involve elements of fashion and/or technical complexity.

The Company purchases a significant proportion of its inventory from China in US dollars. Thus movements in exchange rates have an impact on the Company's cost of sales. To limit the exposure to sudden increases and decreases in exchange rate movements, the company uses exchange rate hedges and options to hedge US dollar purchases. Beacon Lighting hedges 100% of stock that it purchases in US dollars and values in Australian dollars.

Other Income

Other income relates primarily to franchise store royalties and franchise store contribution to the marketing fund. Other income will vary depending upon the level of the franchise store sales. Being a vertically integrated business, there are few opportunities to generate income from suppliers such as rebates, advertising subsidies and settlement discounts.

Expenses

The Company's expenses consist of the following:

- **Marketing Expenses** – relate to the general marketing activities of Beacon Lighting and individual marketing campaigns. Marketing expenses comprise the employment of the marketing team and marketing campaign expenses such as television advertising and catalogues. While the employment costs are fixed, the marketing campaign expenses are variable and will change between campaigns.
- **Selling and Distribution Expenses** – relate to the operation of Beacon owned stores, sales offices, supply chain and sales support teams. A major portion of these expenses relate to salaries, wages and other employment related expenses, occupancy expenses and other sales supply related expenses. While some of these expenses are fixed and contractual, such as occupancy and sales support costs, there are some variable costs relating to the employment of sales staff.
- **General and Administration Expenses** – relate to support functions, business infrastructure costs and the costs of the Store Support Centre. A major portion of these expenses relate to salaries, wages and other employment related expenses of the support teams and the Store Support Centre expenses. These expenses are partly fixed and partly variable.

8.11.2 Seasonality

As measured by Company store comparative sales, there is little seasonality between the half years with the H1 being slightly stronger than H2. In FY2013 comparative store sales for the H1 FY2013 were 50.9% while sales for the H2 FY2013 were 49.1%.

Sales for non-comparative stores and emerging businesses combined tend to be stronger in H2 compared to H1. In FY2013, these first half sales were 48.6% of total sales and the second half sales were 51.4% of total sales.

EBITDA historically has followed a similar trend to sales. In FY2013, H1 EBITDA was 49.7% of annual EBITDA and the H2 EBITDA of annual EBITDA was 50.3%. For commentary on trends in FY2014 refer to Section 8.12.2.

8.11.3 Pro Forma Income Statement: FY2013 compared to FY2012

Set out in Table 8.11.3.1 is the summary of the pro forma historical income statement and the number of company stores for FY2012 and FY2013.

Table 8.11.3.1: Summary Pro Forma Historical Income Statements: FY2013 compared to FY2012.

		Pro Forma Historical		
$'000	Notes	FY2012	FY2013	Change
Number of Company Stores	1	58	64	10.3%
Sales		**120,626**	**132,932**	**10.2%**
Gross Profit		78,367	85,599	9.2%
Other Income		5,387	4,575	-15.1%
Marketing Expenses		(9,033)	(8,966)	-0.7%
Selling and Distribution Expenses		(47,835)	(52,337)	9.4%
General and Administration Expense		(11,022)	(12,256)	11.2%
Operating Expenses		(67,890)	(73,559)	8.4%
EBITDA		**15,864**	**16,615**	**4.7%**
EBITDA margin (% of sales)	2	13.2%	12.5%	(70) bps
EBIT		**14,033**	**14,511**	**3.4%**
EBIT margin (% of sales)	2	11.6%	10.9%	(70) bps

1. Number of company stores trading at the end of the period.
2. bps represents the basis points period movements between the % of sales calculations.

Number of Company Stores

Beacon Lighting added six stores in FY2013. Five of these stores were new company stores opened in new locations while the other was the purchase of a franchise store. Four of these stores were opened / purchased in the first half of the year while two stores were opened in the second half of the year.

Sales

The opening of six new company stores combined with the full year impact of stores opened in FY2012 resulted in total sales growth of 10.2% in FY2013. Comparative store sales grew by 1.2%.

Gross Profit

Gross profit increased by 9.2% to $85.6 million in FY2013 however gross margin as a percentage of sales fell 60 bps to 64.4%. Sales in emerging businesses grew at a faster rate than the retail businesses but at a lower margin. As a result, the gross profit margin as a percentage of sales fell slightly in FY2013

Other Income

Other income declined by 15.1% due to a reduction in franchise fees in connection with the purchase of the franchise store and the decline in third party supplier rebate income as Beacon Lighting increased supply from its vertically integrated business model.

Expenses

Marketing expenses declined by 0.7% which reflected relatively flat comparative store sales growth. Opening of new stores, the purchase of the franchise store and investments in the emerging businesses resulted in selling and distribution expenses growing by 9.4% in FY2013. The general and administration expenses grew by 11.2% in FY2013. In total, the operating expenses increased by 8.4% and fell as a % of sales from 56.3% in FY2012 to 55.3% in FY2013.

EBITDA and EBIT

The gross profit increase of $7.2 million was substantially offset by the decline in other income by $0.8 million and the increase in operating expenses by $5.7 million. This resulted in an overall increase in EBITDA of $0.8 million and EBIT of $0.5 million.

The EBITDA and EBIT as a percentage of sales was 11.6% and 10.9% respectively in FY2013.

8.11.4 Pro Forma Historical Operating Cash Flows: FY2013 compared to FY2012

Set out in Table 8.11.4.1 is the summary pro forma historical operating cash flows for FY2012 and FY2013.

Table 8.11.4.1: Summary Pro Forma Operating Cash Flows: FY2013 compared to FY2012.

		Pro Forma Historical	
$'000	Notes	FY2012	FY2013
EBITDA		**15,864**	**16,615**
Change in working capital		(1,576)	1,913
Change in other non-cash items in EBITDA		(235)	345
Capital expenditure - stores	1	(2,282)	(2,167)
Capital expenditure - other	2	(1,540)	(260)
Finance costs		(592)	(934)
Income tax paid		(3,991)	(4,803)
Operating cash flow after capital expenditure		**5,648**	**10,709**

Notes: Refer to Table 8.10.1 for the notes relating to this table.

Change in Working Capital

With the continued opening of new stores and the growth of the supply chain, Beacon Lighting's investment in inventory grew by $2.3 million. This growth in inventory was funded by the $3.5 million growth in payables reflecting the working capital increase.

Capital Expenditure

In FY2012, Beacon Lighting relocated the Store Support Centre to new premises. In FY2013, the capital expenditure returned to a more normal level.

8.11.5 Pro Forma Historical Income Statement: H1 FY2014 compared to H1 FY2013

Set out in Table 8.11.5.1 is the summary of the pro forma historical income statement and the number of company stores for H1 FY2014 and H1 FY2013.

Table 8.11.5.1: Summary Pro Forma Historical Income Statements: H1 FY2014 compared to H1 FY2013.

		Pro Forma Historical		
$'000	Notes	H1 FY2013	H1 FY2014	Change
Number of Company Stores	1	62	68	9.7%
Sales		**66,061**	**74,497**	**12.8%**
Gross Profit		42,222	49,145	16.4%
Other Income		2,264	2,127	-6.1%
Marketing Expenses		(4,552)	(4,844)	6.4%
Selling and Distribution Expenses		(25,676)	(29,359)	14.3%
General and Administration Expense		(6,002)	(6,104)	1.7%
Operating Expenses		(36,230)	(40,307)	11.3%
EBITDA		**8,256**	**10,965**	**32.8%**
EBITDA margin (% of sales)	2	12.5%	14.7%	220 bps
EBIT		**7,233**	**10,034**	**38.7%**
EBIT margin (% of sales)	2	10.9%	13.5%	260 bps

Notes: Refer to Table 8.11.3.1 for the notes relating to this table.

Number of Company Stores

In H2 FY2013 and H1 FY2014, Beacon Lighting added 6 company stores. Two of these stores opened in H2 FY2013 and four of these stores opened in H1 FY2014.

Sales

With the opening of six new company stores, total sales grew by 12.8% or $8.4 million. Comparative company store sales increased by 5.1% contributing to the total sales growth for H1 FY2014 driven in some part by the increase in average sale transaction value.

Gross Profit

Gross profit dollars increased by 16.4% or by $6.9 million and increased by 210 bps to 66.0%. The gross profit margins improved in the half year as a result of stronger retail pricing that were able to be realised and improved stock control in H1 FY2014.

Other Income

Other income fell 6.1% reflecting the impact of the purchase of the franchise store during H1 2013.

Expenses

Marketing expenses grew by 6.4% reflecting the strong increase in comparative store sales. New store openings particularly in H1 FY2014 along with costs of relocating a company store increased the selling and distribution expenses. In addition, the continued investment in the emerging businesses also contributed to the 14.3% increase in selling and distribution expenses. The general and administrative expenses increased by 1.7% for H1 FY2014. In total, the operating expenses increased by 11.3% and fell to 54.1% of sales in H1 FY2014.

EBITDA and EBIT

The gross profit dollars increase of $6.9 million was partly offset by the reduction in other income by $0.1 million and the increase in operating expenses of $4.1 million. This resulted in an increase in EBITDA of $2.7 million and EBIT of $2.8 million.

The EBITDA percentage of sales was 14.7% of sales and the EBIT percentage of sales was 13.5% in H1 FY2014.

8.11.6 Pro Forma Historical Operating Cash Flows: H1 FY2014 compared to H1 FY2013

Set out in Table 8.11.6.1 is the summary pro forma historical operating cash flows for H1 FY2013 and H1 FY2014.

Table 8.11.6.1: Summary Pro Forma Operating Cash Flows: H1 FY2014 compared to H1 FY2013.

		Pro Forma Historical	
$'000	Notes	H1 FY2013	H1 FY2014
EBITDA		**8,256**	**10,965**
Change in working capital		(683)	4,719
Change in other non-cash items in EBITDA		508	51
Capital expenditure - stores	1	(1,012)	(376)
Capital expenditure - other	2	(457)	(417)
Finance costs		(536)	(475)
Income tax paid		(1,401)	(2,847)
Operating cash flow after capital expenditure		**4,675**	**11,620**

Notes: Refer to Table 8.10.1 for the notes relating to this table.

Change in Working Capital

With the opening of new stores and the continued utilisation of the supply chain in both China and Australia, the Company's investment in inventory grew by $2.9 million. This was more than adequately funded by the $6.4 million increase in trade payables.

Capital expenditure

Capital expenditure in H1 FY2014 has fallen as a result of the use of lease finance to fund the growth of new stores. Other capital expenditure is in line with the prior half year.

8.12 Forecast Financial Information

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by the Company which are in accordance with the Australian Accounting Standards. It is assumed that there will be no change to Australian Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on Beacon Lighting accounting policies during FY2014.

The Forecast Financial Information is based on various best estimate assumptions concerning future events including those set out below. In preparing the Forecast Financial Information, Beacon Lighting has undertaken an analysis of historical performance and applied assumptions in order to predict future performance for FY2014. The Company believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus, including each of the general assumptions set out in Section 8.12.1.

However, the actual results are likely to vary from those forecasts and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of Beacon Lighting, the Directors, management and are not readily predictable.

Beacon Lighting, its Directors, management or any other person cannot give you any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 8.13, the risk factors set out in Section 7 and the Investigating Accountant's Report on the Forecast Financial Information set out in Section 9. A comparison of the pro forma forecast income statement to the statutory forecast income statement is set out in Section 8.8.

8.12.1 General Assumptions

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

- No material change in the competitive operating environment.
- No significant deviation from current market expectations of global or Australian economic conditions relevant to the retail industry in Australia.
- No material business acquisitions or disposals.
- No material industrial strikes or other disturbances, environmental costs or legal claims.
- Retention of key personnel.
- No significant change in legislative regimes (including tax) and regulatory environments in the jurisdictions in which Beacon Lighting or its key customers or suppliers operate.
- No changes in applicable Australian Accounting Standards and other mandatory professional reporting requirements of the Corporations Act which would have a material effect on Beacon Lighting's financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures.
- No change in the Company's capital structure other than as set out in, or contemplated by, this Prospectus.
- No material amendment to any material agreement or arrangement related to the Company's business.
- No material adverse change to the Company's offshore product sourcing capabilities, relationships and costs, including exchange rates.
- None of the risks factors listed in Section 7 have a material adverse impact upon the operations of the Company.

8.12.2 Pro Forma Forecast Income Statement: FY2014 compared to FY2013 and Specific Assumptions

The pro forma forecast income statement for FY2014 has been prepared on the basis of reviewed accounts for H1 FY2014, unaudited financial results for one month to 2 February 2014 per Beacon Lighting management accounts and Beacon Lighting's forecast for the five months ending 29 June 2014. Beacon Lighting's forecast for the five months ending 29 June 2014 also has regard to the current trading performance of Beacon Lighting up until the lodgement of this Prospectus.

Set out in Table 8.12.2.1 is the summary pro forma income statement for FY2013 and FY2014.

Table 8.12.2.1: Summary Pro Forma Income Statement: FY2014 compared to FY2013.

		Pro Forma Historical	Pro Forma Forecast	
$'000	Notes	FY2013	FY2014	Change
Number of Company Stores	1	64	71	10.9%
Sales		**132,932**	**150,261**	**13.0%**
Gross Profit		85,599	96,611	12.9%
Other Income		4,575	4,428	-3.2%
Marketing Expenses		(8,966)	(9,794)	9.2%
Selling and Distribution Expenses		(52,337)	(59,573)	13.8%
General and Administration Expense		(12,256)	(12,407)	1.2%
Operating Expenses		(73,559)	(81,774)	11.2%
EBITDA		**16,615**	**19,265**	**15.9%**
EBITDA margin (% of sales)	2	12.5%	12.8%	30 bps
EBIT		**14,511**	**17,202**	**18.5%**
EBIT margin (% of sales)	2	10.9%	11.4%	50 bps

Notes: Refer to Table 8.11.3.1 for the notes relating to this table.

Number of Company Stores

Beacon Lighting expects to add seven company stores in FY2014. Five of these stores will be company stores opened in a new location, it also includes the purchase of one franchise store and the acquisition of a lighting store which has been rebranded as a Beacon Lighting store. Four of these stores were opened / purchased in the first half of the year while three stores are set to be opened / purchased in the second half of the year.

Sales

Sales are expected to increase by $17.3 million or 13.0% over the forecast period. This growth is generated by comparative sales growth, new store rollout and the full year benefit of stores that have opened since June 2012. Comparative store sales are forecast to increase 4.9% in FY2014 this compares to the actual comparative sales growth of 5.1% seen in H1 FY2014.

Gross Profit

The gross profit margin is forecast to remain similar to FY2013 with a margin of 64.3% of sales in FY2014 compared to 64.4% in FY2013. This is based on the actual gross profit margin of 66.0% in H1 FY2014 and a lower gross profit margin in H2 FY2014 reflecting the previous years' experience of more aggressive promotional campaigns in H2 FY2013 combined with forecast selling prices not fully matching the purchase price changes that are expected to occur throughout H2 FY2014.

The AUD/USD exchange rate assumed in the forecast for the five months to 29 June 2014 is 0.89 cents.

Expenses

Marketing expenses are forecast to increase by 9.2% reflecting the growth in marketing income generated by comparative and new store sales. Selling and distribution expenses are forecast to increase by 13.8% as result of the opening of new stores and the continued investment in the emerging businesses. The general and administration expenses are forecast to increase by 1.2%. In total, operating expenses are forecast to increase by 11.2%.

Depreciation and Amortisation

The FY2014 depreciation expense forecast is based on existing rates of depreciation, adjusted for planned capital expenditure and disposals. Depreciation rates are based on the expected useful lives of the assets which are not expected to change in the forecast period.

EBITDA and EBIT

The gross profit increase of $11.0 million will be partly offset by the increase in operating expenses by $8.2 million. This will result in an increase in EBITDA by $2.7 million and EBIT by $2.7 million. The EBITDA percentage of sales is forecast to be 12.8% and the EBIT percentage of sales is forecast to be 11.4% in FY2014.

Net Interest Expense

Beacon Lighting is forecast to incur net interest expenses of $0.8 million in FY2014 in connection with the banking facilities described in Section 8.9.1.

Taxation

Taxation expense for FY2014 has been forecast at the corporate tax rate of 30.0%.

8.12.3 Pro Forma Operating Cash Flows: FY2014 compared to FY2013

Set out in Table 8.12.3.1 is the summary pro forma operating cash flows for FY2013 and FY2014.

Table 8.12.3.1: Summary Pro Forma Operating Cash Flows: FY2014 compared to FY2013.

		Pro Forma Historical	Pro Forma Forecast
$'000	Notes	FY2013	FY2014
EBITDA		**16,615**	**19,265**
Change in working capital		1,913	1,051
Change in other non-cash items in EBITDA		345	71
Capital expenditure - stores	1	(2,167)	(1,059)
Capital expenditure - other	2	(260)	(691)
Finance costs		(934)	(914)
Income tax paid		(4,803)	(4,920)
Operating cash flow after capital expenditure		**10,709**	**12,803**

Notes: Refer to Table 8.10.1 for the notes relating to this table.

Change in Working Capital

Beacon Lighting is forecast to continue to invest further in inventory as a result of store expansion and the more effective use of the supply chain. The growth in inventory is forecast to be funded by the increased trade payables, including the use of trade finance facilities.

Capital Expenditure

Beacon Lighting is forecasting increased capital expenditure including the opening of new stores in new locations, store acquisitions and the relocation of an existing store. In addition, Beacon Lighting is forecasting continued investment in all company stores with the introduction of new store product display modules.

Lease finance will be used to assist with the capital expenditure requirements of Beacon Lighting over the forecast period.

8.13 Sensitivity Analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Beacon Lighting and the Directors and management, and upon assumptions with respect to future business decisions, which are subject to change.

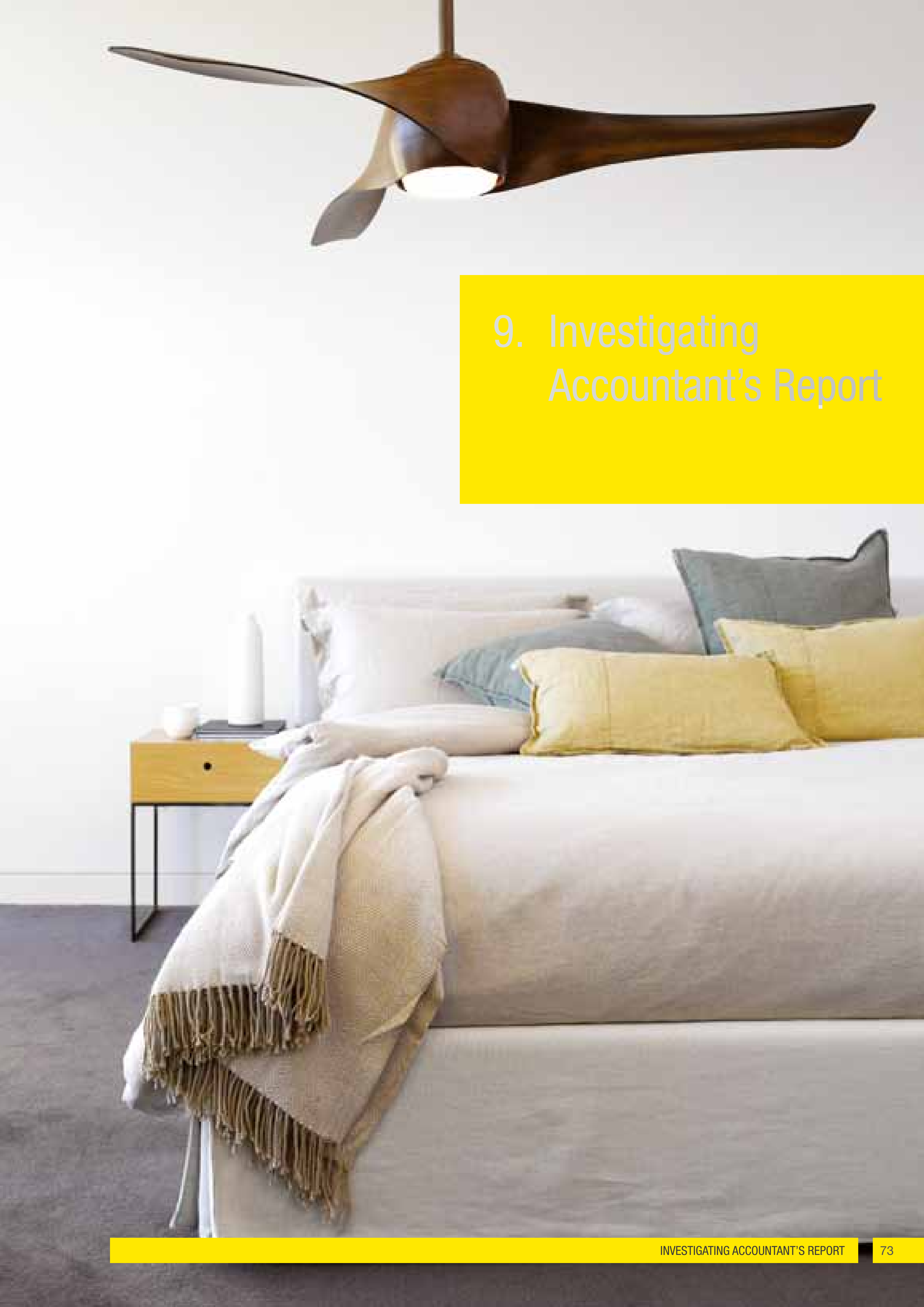
Set out below is a summary of the sensitivity of the FY2014 pro forma forecast EBITDA to changes in a number of key variables. The changes in the key variables are set out in the sensitivity analysis and are not intended to be indicative of the complete range of variations that may be experienced. The effect of the changes in key assumptions on the pro forma FY2014 forecast EBITDA of $19.3 million is presented in table 8.13.1.

Table 8.13.1: Beacon Lighting EBITDA Sensitivity Analysis.

Assumption	Notes	Increase/ (Decrease)	FY2014 EBITDA Impact $'000
Change in sales		1.00% / (1.0)%	966 / (966)
Change in gross profit margin		10 bps / (10) bps	150 / (150)
Change in occupancy expenses	1	1.00% / (1.0)%	(151) / 151
Change in remuneration expenses	2	1.00% / (1.0)%	(345) / 345
Change in the AUD/USD exchange rate		1.0 cent / (1.0) cent	412 / (421)

1. Occupancy expenses relate to the rent and outgoings costs for all properties leased by Beacon Lighting.
2. Remuneration expenses include salary, wages and all employment on costs.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables to illustrate the likely impact on the FY2014 forecast EBITDA. In practice, changes in variables may offset each other or be additive, and it is likely that Beacon Lighting management would take further measures in response to any adverse change in one variable to minimise the net effect on the Beacon Lighting EBITDA.



9. Investigating Accountant's Report

9. Investigating Accountant's Report

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The Directors
Beacon Lighting Group Limited
5 Bastow Place
Mulgrave VIC 3170

11 March 2014

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Beacon Lighting Group Limited historical and forecast financial information and Financial Services Guide

We have been engaged by Beacon Lighting Group Limited to report on the historical and forecast financial information of Beacon Lighting Group Limited (the **Company**) for inclusion in a prospectus dated on or about 12 March 2014, in connection with the issue of shares in the proposed initial public offering and listing of the Company on the Australian Securities Exchange (the **Offer**).

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

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

Scope

The following information of the Company is, collectively, the **Financial Information:**

a) **Statutory Historical Financial Information** being the:

   i. Statutory net profit after tax ('Statutory NPAT') for the years ended 24 June 2012 and 30 June 2013, and half years ended 23 December 2012 and 29 December 2013;

   ii. Statutory operating cash flows for the years ended 24 June 2012 and 30 June 2013, and half years ended 23 December 2013 and 29 December 2013; and

   iii. Statutory balance sheet as at 29 December 2013

b) **Pro Forma Historical Financial Information** being the:

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

Liability limited by a scheme approved under Professional Standards Legislation.

i. Pro forma historical income statements for the years ended 24 June 2012 and 30 June 2013, and half years ended 23 December 2012 and 29 December 2013;

ii. Pro forma operating cash flows for the years ended 24 June 2012 and 30 June 2013, and half years ended 23 December 2013 and 29 December 2013; and

iii. Pro forma balance sheet as at 29 December 2013

Which in each case assumes completion of the Offer.

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

Statutory Historical Financial Information

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Statutory Historical Financial Information has been extracted from financial reports of the Company for the years ended 24 June 2012 and 30 June 2013 which were audited by PricewaterhouseCoopers, and half years ended 23 December 2012 and 29 December 2013, which were reviewed by PricewaterhouseCoopers Securities Ltd in accordance with Australian Auditing Standards. PricewaterhouseCoopers issued unmodified audit opinions for the years ended 24 June 2012 and 30 June 2013 and PricewaterhouseCoopers Securities Ltd issued unmodified review opinions for the half years ended 23 December 2012 and 29 December 2013.

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

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of the pro forma adjustments described in section 8.8 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 8.8 and 8.10 of the Prospectus, as if those events and transactions had occurred as at the date of the Pro Forma Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

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c) Statutory Forecast being the:

i. Statutory forecast income statement for the year ending 29 June 2014; and
ii. Statutory forecast operating cash flow for the year ending 29 June 2014;

d) Pro Forma Forecast being the:

i. Pro forma forecast income statement for the year ending 29 June 2014; and
ii. Pro forma forecast operating cash flow for the year ending 29 June 2014;

Which in each case assumes completion of the Offer.

The Statutory Forecast and the Pro Forma Forecast are collectively the **Forecast Financial Information**.

Statutory Forecast

The statutory forecast income statements and operating cash flow of the Company for the year ending 29 June 2014 (the **Statutory Forecast**), as described in section 8.4 of the Prospectus has been prepared in accordance with the directors' best-estimate assumptions underlying the Forecast as described in section 8.12 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Forecast

The pro forma forecast income statement and operating cash flow of the Company for the year ending 29 June 2014 (the **Pro Forma Forecast**), as described in section 8.4 of the Prospectus has been derived from the Company's Statutory Forecast, after adjusting for the effects of the pro forma adjustments described in section 8.8 and 8.10 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast is the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the events and transactions to which the pro forma adjustments relate, as described in section 8.8 of the Prospectus, as if those events and transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Forecast does not represent the Company's actual prospective financial performance, and/or operating cash flow for the year ending 29 June 2014.

Directors' Responsibility

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

They are also responsible for the preparation of the Forecast Financial Information, including its basis of preparation, the best-estimate assumptions underlying the forecast and the selection and determination of the pro forma adjustments made to the Statutory Forecast and included in the Pro Forma Forecast Financial Information.

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

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information itself, based on our review . We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

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

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of the Company, as described in section 8 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 8.3 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in section 8 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 8.3 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 8.8 and 8.10 of the Prospectus, as if those events and transactions had occurred as at the date of the historical financial information.

Statutory Forecast

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

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast do not provide reasonable grounds for the Statutory Forecast, and

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- in all material respects, the Statutory Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 8.12 of the Prospectus, and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies, and
- the Statutory Forecast itself is unreasonable.

Pro Forma Forecast

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

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast do not provide reasonable grounds for the Pro Forma Forecast, and
- in all material respects, the Pro Forma Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 8.12 of the Prospectus, and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Pro Forma Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast, and
- the Pro Forma Forecast itself is unreasonable.

Statutory Forecast and Pro Forma Forecast

The Statutory Forecast and Pro Forma Forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 29 June 2014. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast and Pro Forma Forecast since anticipated events and transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast are based; however such evidence is generally future-oriented and therefore speculative in nature.

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

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast and Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in section 7 and 8.13 of the Prospectus. The sensitivity analysis described in section 8.13 of the Prospectus demonstrates the impact on the Statutory Forecast and Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast or Pro Forma Forecast will be achieved.

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

Restriction on Use

Without modifying our conclusions, we draw attention to section 8 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

Consent

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

Liability

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

Independence or Disclosure of Interest

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

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Financial Services Guide

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

Yours faithfully

Robert Silverwood
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

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Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 11 March 2014

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Beacon Lighting Group Limited (" the **Company** ") to provide a report in the form of an Investigating Accountant's Report in relation to the issue of shares in the proposed initial public offering and listing of the Company on the Australian Securities Exchange (the **Report**) for inclusion in the prospectus dated 12 March 2014. You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

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

3. Financial services we are licensed to provide

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

4. General financial product advice

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

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

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5. **Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to $160,000. Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. **Associations with issuers of financial products**

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

PricewaterhouseCoopers is the auditor of the Company.

7. **Complaints**

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

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

8. **Contact Details**

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

Robert Silverwood
Authorised Representative
PricewaterhouseCoopers Securities Ltd
2 Southbank Boulevard
GPO Box 1331
Melbourne VIC 3001

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10. Material Contracts

10. Material Contracts

The following is a summary of material contracts relating to the Company. The summaries are not intended to be exhaustive.

Contract	Parties	Purpose	Section
Underwriting Agreement	The Company and the Underwriter	To deal with the underwriting of the Offer	Section 10.1
Share Purchase Agreement	The Company and the Exiting Party	To acquire all the shares in BLC held by the Exiting Party	Section 10.2
Exit Deed	The Exiting Party, the Company and others	To govern the relationship between the Exiting Party and the Company in relation to the Offer	Section 10.3
Franchising arrangements	The Company and store franchisees	To govern the relationship relating to the franchise stores	Section 10.4

10.1 Underwriting Agreement

The Company and the Underwriter have entered into the Underwriting Agreement under which the Underwriter has agreed to underwrite the Offer. The Underwriting Agreement has been prepared on standard commercial terms and conditions for a document of that nature, and contains a number of representations, indemnities and warranties by the Company in favour of the Underwriter.

The Underwriter is entitled to receive an underwriting fee of 2.25% of the Offer proceeds, although under the Exit Deed and Share Purchase Agreement described below this is payable by the Exiting Party. In addition to the underwriting fee, the Underwriter is entitled to receive a management fee of 0.75% of the proceeds of the Offer, as well as reimbursement of its legal costs capped at $20,000 which together form part of the costs of the Offer payable by the Company as estimated in this Prospectus.

The Underwriting Agreement can be terminated by the Underwriter in the following circumstances:

(a) (**index fall**) at any time up to and including completion of the Offer, the S&P/ASX 200 Index is, at any time, at a level that is 10% or more below the level it was at, on close of trade on the business day immediately preceding the date of the Underwriting Agreement;

(b) (**supplementary prospectus**) the Underwriter reasonably forms the view that a supplementary prospectus must be lodged with ASIC under section 719 Corporations Act;

(c) (**material adverse change**) there is a material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business (including the revocation or suspension of any authorisation or licence from a governmental authority required to effect the Company's activities), results of operations, management or prospects of the Company from that described in the Prospectus;

(d) (**ASIC action**) ASIC:

   (i) makes an order or interim order under section 739 Corporations Act concerning the Prospectus;

   (ii) applies for an order under Part 9.5 Corporations Act in relation to the Offer or any Offer document;

   (iii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer document under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth) or any other applicable law or ASIC applies for an order under sections 1324B or 1325 Corporations Act in relation to any Offer document; or

   (iv) does any of the following:

      (A) prosecutes or gives notice of an intention to prosecute; or

      (B) commences proceedings against, or gives notice of an intention to commence proceedings against the Company or any of its officers, employees or agent in relation to the Offer or any Offer document;

(e) (**withdrawal of consent**)

   (i) any person whose consent to the issue of the Prospectus or any supplementary prospectus is required by sections 716 or 720 Corporations Act and who has previously consented to the issue of the Prospectus or any supplementary prospectus withdraws such consent;

   (ii) any person gives a notice under section 733(3) Corporations Act; or

   (iii) any person (other than the Underwriter) who has previously consented to the inclusion of their name or any statements in the Prospectus or any supplementary prospectus withdraws that consent;

(f) **(withdrawal)** the Company withdraws the Prospectus or the Offer or, without the prior written permission of the Underwriter, the Company lodges a supplementary prospectus;

(g) (**ASX approvals**) any of the ASX approvals obtained in satisfaction of the conditions precedent in the Underwriting Agreement is withdrawn, qualified (other than by conditions acceptable to the Underwriter, acting reasonably) or withheld (or ASX indicates to the Company or the Underwriter that the approval is likely to be withdrawn, qualified or withheld);

(h) (**ASIC and ASX waivers**) any of the ASIC waivers or ASX waivers obtained in satisfaction of the conditions precedent in the Underwriting Agreement are withdrawn, revoked or amended without the prior written approval of the Underwriter;

(i) (**Offer documents**) the Underwriter forms the view (acting reasonably) that:

   (i) there is an omission from the Prospectus or any supplementary prospectus of material required by the Corporations Act to be included;

   (ii) an Offer document contains a statement which is untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission); or

   (iii) an Offer document does not contain all information required to comply with all applicable laws;

(j) (**notice in relation to Prospectus**) a person gives a notice to the Company under section 730 Corporations Act in relation to the Prospectus;

(k) (**adverse change in financial markets**) any of the following occurs:

   (i) any material adverse change or disruption to the political or economic conditions or financial markets of Australia, the United Kingdom, the United States of America, Hong Kong or Singapore or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions; or

   (ii) a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, Hong Kong or Singapore is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or

   (iii) trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange, the Hong Kong Stock Exchange or the Singapore Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading, the effect of which is such to make it, in the reasonable opinion of the Underwriter, impractical to promote the Offer or to enforce contracts to issue and allot the Offer Shares;

(l) (**Directors and senior management**) a Director or a member of senior management:

   (i) resigns or their engagement is terminated;

   (ii) is charged with an offence relating to any financial or corporate matter under any laws;

   (iii) dies or becomes permanently incapacitated; or

   (iv) is disqualified under the Corporations Act from managing a corporation;

(m) (**conduct**) the Company or any Director or other officer (as that term is defined in the Corporations Act), engage in any fraudulent conduct or activity or breach the Corporations Act, whether or not in each case in connection with the Offer;

(n) (**illegality**) there is an event or occurrence, including any statute, order, rule or regulations, official directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government authority which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer in accordance with the Underwriting Agreement;

(o) (**insolvency**) any group member becomes insolvent, or an act occurs or an omission is made which may result in a group member becoming insolvent;

(p) (**timetable**) any event specified in the timetable is delayed for more than one business day without the prior written consent of the Underwriter;

(q) (**financing**)

(i) the Company breaches, or defaults under, any provision, undertaking, covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has, or may have, a material adverse effect on the Company group; or

(ii) under or with respect to any such debt or financing arrangement or related documentation mentioned in paragraph (i) above, there occurs:

(A) an event of default;

(B) a review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing; or

(C) any other similar event;

(iii) the Company is denied debt financing from a financier on the terms described in the Offer documents;

(r) (**repayment**) any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for the Offer Shares and be repaid their application money; or

(s) (**future matters**) any statement or estimate in an Offer document which relates to a future matter is or becomes incapable of being met in the projected timeframe or, in the reasonable opinion of the Underwriter, is unlikely to be met in the projected timeframe.

Furthermore, the Underwriter may terminate the Underwriting Agreement if any of the following events listed has had or could have a material adverse effect on the financial position of the Company, the outcome of the Offer, the Offer Price, the ability of the Underwriter to promote the Offer or obtain Applications to subscribe for the Offer or is a contravention of the Corporations Act or is likely to give rise to a liability for the Underwriter:

(a) (**information**) due diligence results or any information supplied by or on behalf of the Company to the Underwriter for the purposes of the Offer documents or the Offer is or becomes false, misleading or deceptive;

(b) (**certificate**) a statement in the certificate given pursuant to the Underwriting Agreement is untrue, incorrect, misleading or deceptive;

(c) (**breach**) the Company fails to comply with any of its obligations under the Underwriting Agreement, or any representation or warranty by the Company in the Underwriting Agreement is or becomes incorrect;

(d) (**hostilities**) in respect of any one or more of Australia, the United States of America, any member state of the European Union, Indonesia, Japan, Russia, the Peoples Republic of China, India, North Korea or South Korea:

(i) hostilities not presently existing commence (whether or not war has been declared);

(ii) a major escalation in existing hostilities occurs (whether or not war has been declared);

(iii) a declaration is made of a national emergency or war; or

(iv) a significant act of terrorism is perpetrated anywhere in the world;

(e) (**change in law**) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law or regulation, or the Government of Australia or any State or Territory of Australia, the Reserve Bank of Australia, or any Minister or other governmental authority of Australia or any State or Territory of Australia, adopts or announces a proposal to adopt a new or amended law, regulation or policy (other than a new or amended law, regulation or policy which has been announced before the date of the Underwriting Agreement);

(f) (**material contracts**) any contract, deed or other agreement which is material to the making of an informed investment decision in relation to the Offer Shares is:

(i) terminated, rescinded, altered or amended without the prior written consent of the Underwriter (such consent not to be unreasonably withheld); or

(ii) found to be void or voidable;

(g) (**unauthorised alteration**) without the prior written consent of the Underwriter (such consent not to be unreasonably withheld), the Company alters its share capital or the Constitution;

(h) (**legal proceedings**) any of the following occurs:

    (i) the commencement of legal proceedings against the Company or any Director; or

    (ii) any regulatory body commences any inquiry or public action against a Director in his or her capacity as such or announces that intends to take any such action;

(i) (**disclosures in due diligence committee report**) the due diligence committee report, verification material or any other information supplied by or for the Company to the Underwriter is or becomes misleading or deceptive, including by way of omission; or

(j) (**unauthorised announcement**) a Director or a member of senior management makes a public statement concerning the Offer without the prior approval of the Underwriter.

10.2 Share Purchase Agreement

The Company and the Exiting Party have entered into a Share Purchase Agreement in relation to the acquisition by the Company of the 45% shares in BLC held by the Exiting Party. The purpose of the Offer is to raise proceeds to enable the Company to buy the Exiting Party's interest in BLC enabling the Company to move to 100% ownership of BLC and hence the Beacon Lighting business.

The Share Purchase Agreement requires the Exiting Party to sell its interest in BLC to the Company on the date on which Shares are issued to Applicants under the Offer. In return, the Company on that day is to pay the Exiting Party the gross proceeds realised under the Offer less the underwriting fee of 2.25% payable to the Underwriter (which the Company would otherwise be liable for under the Underwriting Agreement).

Other than the issue of Shares to Applicants under the Offer, the Share Purchase Agreement is unconditional. If for whatever reason the issue of Shares to Applicants under the Offer has not occurred by 1 July 2014, then the Share Purchase Agreement terminates without any further force or effect.

The Share Purchase Agreement contains warranties by the Exiting Party regarding its capacity to sell its interest in BLC free from any encumbrances. The Exiting Party also undertakes that it and its associates will not for a five year period following the sale compete with the Company in Australia.

10.3 Exit Deed

The Company together with the Exiting Party and others have entered into an Exit Deed which governs the relationship between them in relation to the Offer. The Exit Deed facilitates the Offer by acknowledging that the Exiting Party wishes to realise its investment in BLC, and puts in place various logistical and structural arrangements in this regard. In particular, the Exit Deed terminates prior shareholders agreements in relation to Beacon Lighting with effect from the Offer being completed.

10.4 Franchising Arrangements

The Company commenced franchising in the late 1980s and currently has 14 franchised stores operating. The Company is a member of the Franchise Council of Australia. The typical franchise term is seven years with a seven year option to renew.

Obtaining a franchise provides access to the Company systems and support services as detailed in the standard franchise agreement and operations manual, as well as access to intellectual property including Company logos and other trademarks. Support services are provided through the state sales managers with ancillary services provided by the store support centre based in Melbourne. The franchised stores are operated in a similar way as Company owned stores. Typically the Company leases the store, with the franchisee occupying the store as operator.

The franchisee is obliged to purchase a minimum of 70% of total product purchases from the Company. Ninety per cent of all stock carried must be ranged stock from approved suppliers with the balance 10% allowed to be off range. Each franchisee has entered into a trading terms agreement with the Company.

The franchisees pay a royalty fee and marketing fee based on a percentage of gross sales (which includes GST) to the Company on a monthly basis.

The Company no longer enters into new franchising arrangements, and has progressively over time been purchasing the franchise businesses from franchisees if they no longer wish to continue in that role. The Company provides financial assistance to a small number of franchisees through extended trading terms on stock purchases and for store refurbishment purposes.

11. Additional Information

11. Additional Information

11.1 Constitution and Rights Attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice. Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Topic	Summary
General meetings	Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.
Voting rights	Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders, each Shareholder entitled to vote may vote in person or by proxy, attorney or representative. On a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote and on a poll every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall generally have one vote for each Share.
Dividend rights	The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied. Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.
Winding-up	If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as they consider fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. Each Share carries with it an equal right to receive a proportion of any surplus on winding-up.
Shareholder liability	As the Shares under the Prospectus are fully paid shares, they are not subject to any future calls for money by the Directors and will therefore not become liable for forfeiture.
Transfer of Shares	Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.
Variation of rights	If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.
Alteration of Constitution	The Constitution can only be amended by a special resolution passed by at last three quarters of Shareholders present and voting at a general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

11.2 Directors' Interests in Shares

At the date of this Prospectus each of the following Directors has an interest in the following Shares.

Section 3.9 sets out the proposed Share applications under the Offer by the Directors and family members.

Director	Number of Shares
Ian Robinson & Glen Robinson (through Heystead)	118,250,000
Other Directors	Nil

11.3 Robinson Family Interests

The Robinson family (including Ian and Glen) have interests in the following (in addition to their shareholding and remuneration described in Section 6.3):

- The Robinson family has a 55% interest as owner of the Derrimut distribution centre leased by Beacon Lighting on arms length commercial terms. The current rent is $920,000 per annum increasing by 3% annually. The lease expires in March 2021 with two further rights of renewal for periods of seven years each. The remaining 45% interest is held by interests associated with the Exiting Party which the Robinson family is in the process of negotiating to acquire.
- The Robinson family has a 55% interest as owner of the Heidelberg store leased by Beacon Lighting on arms length terms. The current rent is $153,276 per annum increasing by 3% annually. The lease expires in 2017 with one further right of renewal for a period of seven years. The remaining 45% interest is held by interests associated with the Exiting Party which the Robinson family is in the process of negotiating to acquire.
- The Robinson family has a 100% interest as owner of the Fyshwick store leased by Beacon Lighting on arms length terms. The current rent is $219,845 per annum increasing by 3% annually. The lease expires in 2017 with one further right of renewal for a period of seven years.
- Ian Robinson has a 100% interest in Carbonetix Pty Ltd, an energy efficiency monitoring and management business located in Oakleigh, Victoria. Carbonetix Pty Ltd and Beacon Solar have an arms length working alliance whereby business opportunities are jointly explored. Since becoming a related party on 3 December 2013 Beacon Lighting has paid it $22,922 in this regard. In addition, Beacon Lighting provides Carbonetix Pty Ltd with administrative services, including human resources, management and financial services and receives an arms length fee for these services which is approximately $12,000 per annum. Beacon Lighting subleases office space to Carbonetix Pty Ltd and the current rent is $24,000 per annum. Beacon Lighting has an option to acquire Carbonetix Pty Ltd at Ian's original cost of acquisition.

11.4 Interests of Associated Parties

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

- has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of Beacon Lighting, or in any property acquired or proposed to be acquired by Beacon Lighting, or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of Beacon Lighting or the Offer.

PricewaterhouseCoopers Securities Limited has acted as the Investigating Accountant on the financial information in relation to the Offer, and has performed work in relation to its Investigating Accountant's Report in Section 9. The Company has paid, or agreed to pay, approximately $160,000 (excluding disbursements and GST) to PricewaterhouseCoopers Securities Limited for these services up to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Limited under time-based charges.

Baker & McKenzie has acted as solicitor to the Company and performed work in relation to due diligence enquiries on legal matters. The Company has paid or agreed to pay an amount of approximately $300,000 in respect of these services. Further amounts may be paid to Baker & McKenzie in accordance with time-based charges.

Morgans Corporate Limited has acted as Underwriter and will receive a management fee and reimbursement of its legal costs as detailed in the summary of the Underwriting Agreement set out in Section 10.1.

PricewaterhouseCoopers are the auditors to the Company. They received approximately $190,000 with respect to the year ending 30 June 2013 and expect to receive a similar amount with respect to the year ending 29 June 2014.

11.5 Costs of the Offer

The costs of the Offer payable by the Company are estimated at $1,975,000. This excludes the 2.25% underwriting fee which the Company is not ultimately liable for as it is payable by the Exiting Party.

11.6 Escrow Arrangements

Heystead has voluntarily undertaken to the Company not to sell its 118,250,000 Shares for a two year period following the listing of the Company on ASX. The escrow arrangements do not preclude Heystead from participating in a takeover where:

- the takeover bid is for all of the Shares;
- holders of at least half of the Shares that are not subject to restriction to which the takeover bid relates have accepted; and
- if the takeover bid is conditional, Heystead agrees in writing that a holding lock will be re-applied to each Share that is subject to the voluntary escrow arrangements that is not unconditionally bought by the bidder under the takeover bid.

Additionally, these Shares may be transferred or cancelled in accordance with a merger by way of scheme of arrangement under the Corporations Act.

11.7 Australian Taxation Implications

The following comments are intended to provide a general summary of the Australian taxation implications that may arise for Australian resident shareholders who acquire and hold the shares under the Offer contained in this Prospectus. As taxation laws are complex, the following comments are intended as a general guide to the Australian tax implications only. Shareholders should not rely on these comments as advice in relation to their own affairs but should consult their own tax adviser applicable to their own needs and circumstances. The comments are based on the law and understanding of the practice of the tax authorities in Australia at the date of this document.

The taxation treatment on the disposal of Shares for Shareholders will depend upon whether the shares are held on revenue or capital account. Shareholders who trade in Shares as part of the ordinary course of their business would hold their shares on revenue account. These Shareholders will be required to include the profit arising from the disposal of their Shares in their assessable income. Conversely, a loss arising from the disposal of Shares on revenue account would be allowed as a deduction from assessable income. Generally, all other Shareholders will hold their Shares on capital account. These Shareholders must consider the impact of Australian capital gains tax rules on the disposal of their Shares.

Shareholders will derive a capital gain where the proceeds received on disposal exceed the cost base of the Share for capital gains tax purposes. Any net capital gain (after recoupment of capital losses) is included in the Shareholder's assessable income. Similarly, a Shareholder will make a capital loss on the disposal of a Share where the disposal proceeds received are less than the reduced cost base of the Share for capital gains tax purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains. A capital gains discount may apply to reduce the amount of net capital gains that might otherwise be included in a Shareholder's assessable income.

For Shareholders that are individuals and trustees (other than trustees of complying superannuation funds) a 50% capital gains tax discount is available if the shares are held for at least 12 months. This concession will result in only 50% of the capital gain (after recoupment of capital losses) being assessable. For complying superannuation funds a 33⅓% capital gains discount is available if the Shares are held for at least 12 months. This concession will result in only 66⅔% of the capital gain (after recoupment of capital losses) being assessable.

Broadly, dividends paid on Shares may be "franked" or "unfranked". Franked dividends have franking credits attached. These credits represent underlying Australian corporate tax that has been paid on the profits distributed. To the extent a dividend is "unfranked" no franking credits are attached. A dividend will have a different treatment depending on the residency status of the Shareholder and whether a dividend is franked or unfranked. Australian resident Shareholders will include dividends together with any attached franking credits in their assessable income. A tax offset will be allowed equal to the amount of franking credits attached to the dividend. Generally, to be eligible for the franking credit and tax offset, Shareholders must have held the shares at risk for 45 days.

Individual Shareholders and complying superannuation funds may receive a tax refund if the franking credits attached to the dividend exceed their tax liability for the income year.

Where the Shareholder is a corporate entity, the Shareholder will not be entitled to a refund for any franking credits that exceed their tax liability for the income year but may be entitled to a tax loss based upon the excess franking credits. The receipt of a franked dividend will also generally give rise to a credit in the corporate entity's franking account to the extent the dividend is franked.

11.8 Litigation

So far as the Directors are aware, there are no current or threatened legal proceedings or disputes which are likely to have a material adverse impact on the business or financial position of the Company.

11.9 Consents

Each of the parties identified below:

- have given, and have not, before the issue of this Prospectus, withdrawn their written consent to being named in the Prospectus and to the inclusion of the following information in the form an context in which it is included
- has not made any statement in the Prospectus or any statement on which a statement in the Prospectus is based, other than as specified below,
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name in the form and context in which it is included and any statement or report included in this Prospectus with the consent of that party as described below:
  - Baker & McKenzie as legal advisers to the Company.
  - PricewaterhouseCoopers Securities Limited as Investigating Accountants, and to the inclusion of its Investigating Accountant's Report on Historical Financial Information and Directors' Forecasts in Sections 8 and 9 of the Prospectus, and the financial information summary set out in the Prospectus.
  - PricewaterhouseCoopers as auditors of the Company, and to the references in this Prospectus to audited accounts.
  - Morgans Corporate Limited as Underwriter.
  - Computershare Investor Services Pty Limited as the Share Registry.
  - Optimum Media Direction Pty Ltd, in relation to the statements attributed to it in Sections 4.6 and 5.6.
  - Bryan Douglas and the Lighting Council Australia, in relation to the statements attributed to them in the Chairman's Letter.
  - Housing Industry Association Limited, in relation to the housing forecast described in Section 4.5.

11.10 Foreign Selling Restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. In particular, the Shares have not been, and will not be, registered under the US Securities Act, and may not be offered or sold in the US. The Prospectus may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction. This Offer does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer or issue this Prospectus.

11.11 Privacy

If you apply for Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. Corporations and tax laws require some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all. The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act:

- the Underwriter in order to assess your Application;
- the Share Registry for on-going administration of the register; and
- the printers and the mailing house for the purposes of preparation and distribution of holding statements and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by or on behalf of the Company or the Share Registry. You can request access to your personal information by telephoning the Information Line or writing to the Company through the Share Registry.

11.12 Exposure Period

This Prospectus will be made generally available to Australian residents without the Application Form, during the Exposure Period by being posted on the Company's internet site at **www.beaconlightinggroup.com.au**. The purpose of the Exposure Period is to enable examination of the Prospectus by market participants prior to the raising of funds. Applications under this Prospectus received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

11.13 Applications

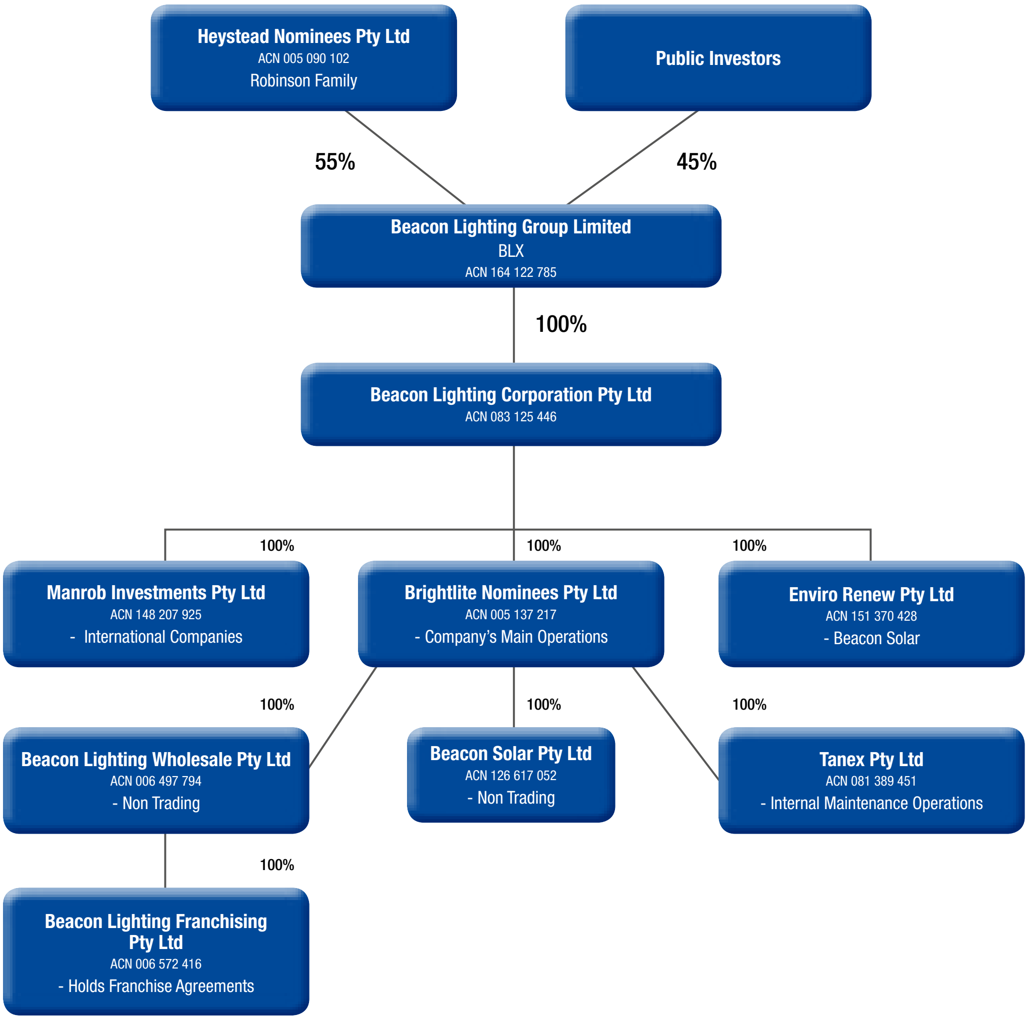
Applications may only be made on a printed copy of the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing an Application Form to any other person unless it is attached to, or accompanied by a hard copy of the Prospectus or a complete and unaltered electronic copy of the Prospectus.

11.14 Electronic Prospectus

The Offer of Shares in the Company constituted by this Prospectus is available electronically only to Australian residents downloading and printing the electronic version of the Prospectus within Australia. Australian investors may view the Prospectus online at **www.beaconlightinggroup.com.au**. The Offer constituted by this Prospectus in electronic form is not available to investors in any other jurisdiction. If you receive the electronic version of this Prospectus, then you should ensure you download and read the entire Prospectus. A paper copy of this Prospectus will be provided free of charge to any person in Australia who requests a copy by contacting the Company Offer Information Line. If you apply using the Application Form attached to the electronic version of this Prospectus, then you must be located in Australia. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to or accompanying either a paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

11.15 Corporate Structure

The following diagram shows a high level corporate structure of the Company on completion of the Offer.



11.16 Corporate Governance

In accordance with ASX Listing Rule 1.1 condition 13, the Company, in seeking to be admitted to the Official List of ASX, provides this Corporate Governance summary which discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The corporate governance policies and charters have been posted on the Company's website, **www.beaconlightinggroup.com.au**

The third edition of the ASX Corporate Governance Principles and Recommendations is proposed to take effect as from 1 July 2014. The following corporate governance statement takes into account the proposed changes.

Principle/ Recommendations	Comply	How the Company Complies
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	The Board's responsibilities are defined in the Board Charter and there is a clear delineation between the functions reserved to the Board and those conferred upon the Chief Executive Officer and certain other officers of the Company. The Board Charter outlines: • The guidelines for Board composition, including the processes around Director appointments and resignations. • The operation of the Board and the Board Committees. • The roles of the Board, the Chairperson, CEO and senior management. • Specifically includes risk management responsibilities (rather than these being delegated to a separate Risk Committee). A copy of the Company's Board Charter is available on the Company's website.
Recommendation 1.2 (proposed): Recommendation 1.2 (a) background checks on directors and (b) information to be given for election of directors.	Yes	This recommendation is included in the Board Charter.
Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1, including the evaluation of the senior management team.	Yes	The Company will provide details as to its compliance with these recommendations in its annual reports. The Board will ensure that an evaluation of the senior management team is undertaken in accordance with its Charter.
Recommendation 1.4 (proposed): The Company secretary of a listed entity should have a direct reporting line to the chair of the board.	Yes	This recommendation is included in the Board Charter.

Principle/ Recommendations	Comply	How the Company Complies
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.5 (proposed): Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Partially	The Company has adopted a Diversity Policy. The Company does not propose to establish measurable gender diversity objectives in the foreseeable future as: • Our senior management team are extremely experienced and stable and we do not intend to make changes in the coming year. • We are strongly committed to making all selection decisions on the basis of merit and the setting of specific objectives for the quantum of males/females at any level would potentially influence decision making to the detriment of the business. The Diversity Policy affirms the commitment of the Company to embrace diversity and sets out the principles and work practices to ensure that all Team Members have the opportunity to achieve their full potential. A copy of the Diversity Policy is available on the Company's website.
Recommendation 1.6 (proposed): Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	The Board and Committee Evaluation Policy sets out the processes for the annual review of the performance of the Board as a whole, each Director and the Board Committees. This policy is available on the compnay's website.
Recommendation 1.7 (proposed): Companies should disclose the process for evaluating the performance of senior executives and whether a performance evaluation was undertaken.	Yes	The Board has established a Remuneration and Nomination Committee which is responsible for reviewing annually executive remuneration and incentive policies and practices. The Charter for this committee is discussed further below.
Principle 2: Structure the board to add value		
Recommendation 2.1 (proposed): Disclose: • Names of independent directors • Related party interests of directors • Length of service of each director	Yes	Refer to the Prospectus Section 6.1.
Recommendation 2.2 (proposed): A majority of the board should be independent directors.	No	The majority of the Company's Board is not comprised of independent Directors, however the roles of Chairman and Chief Executive Officer are exercised by two separate individuals. The Board, having regard to the Company's early stage of development as a listed entity and the collective experience and expertise of the Directors, considers the current composition of the Board is appropriate.

Principle/ Recommendations	Comply	How the Company Complies
Principle 2: Structure the board to add value		
Recommendation 2.3: The chair should be an independent director, and not CEO.	No	The Board considers that the appointment of Ian Robinson as Executive Chairman is appropriate for the business given its current shareholding structure. Glen Robinson is the Chief Executive Officer.
Recommendation 2.4: The board should establish a nomination committee.	Yes	The Company has established a Remuneration and Nomination Committee. In relation to nominations, the Remuneration and Nomination Committee is responsible for: • Assessing current and future director skills and experiences and identifying suitable candidates for succession. • Annually enquiring of the Executive Chairman and the Chief Executive Officer their process for evaluating their direct reports. A copy of the Remuneration and Nomination Committee Charter is available on the Company's website.
Recommendation 2.4(a) (proposed): A listed entity's nomination committee should have a least three members, a majority of whom are independent directors, and be chaired by an independent director.	Partially	The Remuneration and Nomination Committee has four members. Three are independent: Eric Barr and Neil Osborne, as independent directors, and one external consultant. Ian Robinson, Executive Chairman, is the other member. The Committee is chaired by Eric Barr.
Recommendation 2.5 (proposed): Companies should have and disclose a statement as to the mix and skills the board is looking to achieve in its membership.	Yes	This recommendation is included in the Board Charter.
Recommendation 2.6 (proposed): A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their roles as a director effectively.	Yes	This recommendation is included in the Board Charter.

Principle/ Recommendations	Comply	How the Company Complies
Principle 3: Promote ethical and responsible decision-making		
Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	The Company has adopted a written Code of Conduct which applies to all Team Members employed by the Company, including executives and non-executives. The objective of this Code is to ensure that high standards of corporate and individual behaviour are observed by all Team Members in the context of their employment. In summary, the Code requires Team Members to always act: • In a professional, fair and ethical manner, in accordance with Company values. • In accordance with applicable legislation and regulations, and internal policies and procedures. • In a manner that protects the Company interests, reputation, property and resources. The Code also reminds Team Members of their responsibility to raise any concerns in relation to suspected or actual breaches of the Code.
Recommendation 3.2: Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	The Company will provide details as to its compliance with this recommendation in its future annual reports.
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 (combines 4.1, 4.2 and 4.3): The board should establish an Audit Committee.	Yes	The Company has established an Audit Committee.
The Audit Committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; • and has at least three members	Partially	The Audit Committee has four members. Three are independent: Neil Osborne and Eric Barr, as independent directors, and one external consultant. Glen Robinson, Chief Executive Officer, is the other member. The Committee is chaired by Neil Osborne.
The Audit Committee should have a formal charter.	Yes	The Audit Committee has adopted a formal Charter which outlines its role in assisting the board in the company's governance and exercising of due care, diligence and skill in relation to: • Reporting of financial information. • The application of accounting policies. • Financial risk management. • The Company's internal control system. • Its relationship with the external auditor. A copy of the Audit Committee Charter is available on the Company's website.

Principle/ Recommendations	Comply	How the Company Complies
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.2 (proposed): The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects.	Yes	This recommendation is included in the Audit Committee Charter.
Recommendation 4.3 (proposed): A listed entity that has an AGM should ensure that its external auditor attends and is available to answer questions from security holders relevant to the audit.	Yes	The Company will comply with this recommendation.
Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	The Company will provide details as to its compliance with this recommendation in its annual reports.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Company has adopted a Continuous Disclosure Policy. This Policy sets out the standards, protocols and the detailed requirements expected of all Directors, officers, senior management and Team Members of the Company for ensuring the Company immediately discloses all price-sensitive information in compliance with the Listing Rules and Corporations Act relating to continuous disclosure. A copy of the Company's Continuous Disclosure Policy is available on the Company's website.
Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	The Company will provide details as to its compliance with this recommendation in its future reports.

Principle/ Recommendations	Comply	How the Company Complies
Principle 6: Respect the right of shareholders		
Recommendation 6.1 (proposed): A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company will comply with this recommendation. The Company has adopted a Communications Policy governing its approach to communicating with its shareholders, market participants, customers, Team Members and other stakeholders. This policy specifically includes: • The approach to briefing institutional investors, brokers and analysts. • Includes communications whether by meetings, via the Company's websites, electronically or by any other means. A copy of the Company's Communications Policy is available on the Company's website.
Recommendation 6.2 (proposed): A listed entity should design and implement an investor relations program to facilitate effective two way communication with investors.	Yes	This recommendation is included in the Company's Communication Policy.
Recommendation 6.3 (proposed): Listed entities should have a policy encouraging the participation of security holders at general meetings.	Yes	This recommendation is included in the Company's Communication Policy.
Recommendation 6.4 (proposed): A listed entity should give security holders the opportunity to communicate electronically.	Yes	This recommendation is included in the Company's Communication Policy.
Recommendation 6.5: Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	The Company will provide details as to its compliance with this recommendation in its future annual reports.
Principle 7: Recognise and manage risk		
Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	This recommendation is included in the Company's Board Charter.

Principle/ Recommendations	Comply	How the Company Complies
Principle 7: Recognise and manage risk		
Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	This recommendation is included in the Company's Board Charter.
Recommendation 7.3 (proposed): A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs. Alternatively, if it does not have an internal audit function, the listed entity should disclose the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	The Board, having regard to the Company's stage of development does not consider a separate internal audit function is necessary at this stage. One of the Audit Committee responsibilities is to evaluate compliance with the Company's risk management and internal control processes.
Recommendation 7.4 (proposed): Listed entities should disclose whether, and if so how, they have regard to environmental and social sustainability risks.	Yes	The Company will provide details as to its compliance with this recommendation in its future annual reports.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 (now combines 8.1 and 8.2): The board should establish a remuneration committee. The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	Partially	The Company has established a Remuneration and Nomination Committee. The Remuneration and Nomination Committee has four members. Three are independent: Eric Barr and Neil Osborne, as independent directors, and one external consultant. Ian Robinson, Executive Chairman, is the other member. The Committee is chaired by Eric Barr. In relation to remuneration, the Remuneration and Nomination Committee is responsible for: • Ensuring the Company has remuneration policies and practices appropriate to attracting and retaining key talent. • Reviewing and making recommendations in relation to the remuneration of Directors and senior management. • Reviewing and recommending the design of any executive incentive plans and approving the proposed awards to each executive under those plans. A copy of the Remuneration and Nomination Committee Charter is available on the Company's website.

Principle/ Recommendations	Comply	How the Company Complies
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	In accordance with its Charter, the Remuneration and Nomination Committee clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. The Company will provide disclosure of its Directors' and executives' remuneration in its annual report.
Recommendation 8.3 (proposed): A listed entity should have in place and disclose a 'claw back' policy that sets out the circumstances in which the entity may claw back performance-based remuneration from its senior executives. Listed entities would also be required to disclose any claw backs that have been made and, if any claw backs should have been made but were not, the reasons for this.	Yes	The Company will comply with this recommendation. The Company will provide details as to its compliance with this recommendation in its annual reports.
Recommendation 8.4 (proposed): Companies should have a policy on hedging equity incentive schemes.	Yes	This recommendation is included in the Company's Securities Trading Policy.
Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	The Company will provide details as to its compliance with this recommendation in its future annual reports.

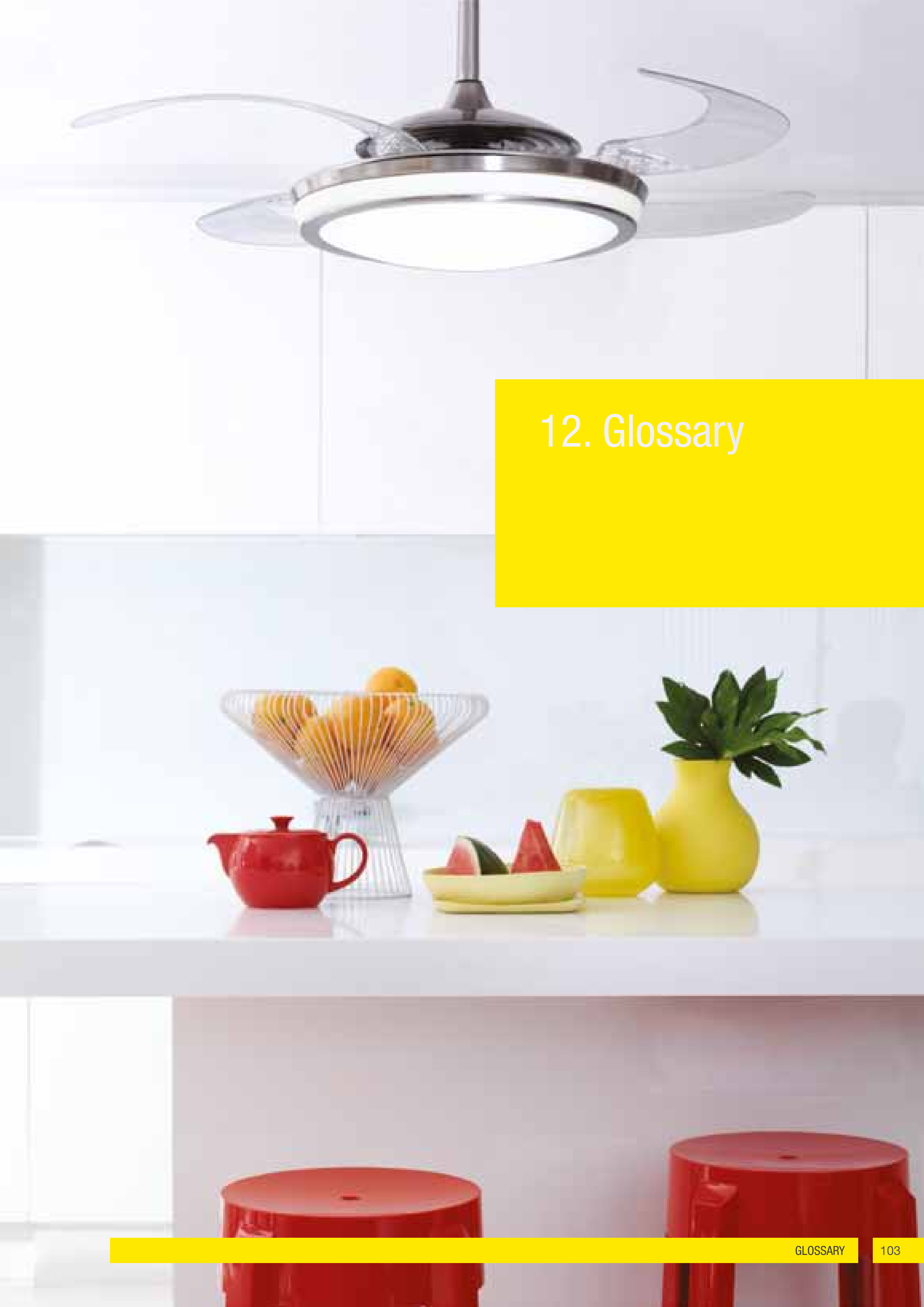
11.17 Authorisation

Each Director of the Company has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act.

This prospectus is signed by a Director of the Company in accordance with section 351 of the Corporations Act.

Ian Robinson
Executive Chairman
Beacon Lighting Group Limited

12. Glossary



12. Glossary

A$ or cents means such amounts in Australian currency and unless otherwise indicated excludes GST.

Applicant means a person who submits a valid Application Form.

Application means a valid application made to subscribe for a specified number of Shares offered by this Prospectus.

Application Amount means the Australian dollar amount which an Applicant wishes to invest in the Offer as specified in the Applicant's Application Form.

Application Form means an application form attached to or accompanying this Prospectus.

Application Monies means the monies payable in connection with an Application, being the Issue Price multiplied by the number of Shares applied for.

ASIC means the Australian Securities & Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

ASTC Settlements means the settlement rules of the operating facility provided by ASTC.

ASX means the ASX Limited.

Beacon Lighting means the business conducted by the Company and its subsidiary entities.

BLC means Beacon Lighting Corporation Pty Ltd (ACN 083 125 446).

Board means the board of directors of the Company.

CEO means Chief Executive Officer.

CHESS means Clearing House Electronic Subregister System, operated in accordance with the ASTC Settlement Rules.

Closing Date means the last date by which Applications under that part of the Offer must be received.

Company means Beacon Lighting Group Limited (ACN 164 122 785) and includes references to its subsidiary entities unless the context otherwise requires.

Constitution means the constitution of the Company as amended from time to time.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company as at the date of this Prospectus.

EBIT means earnings before interest and tax.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Exit Deed means the exit deed between the Company, the Exiting Party and others.

Exiting Party means Gusaka Pty Ltd ACN (079 091 722) which holds a 45% interest in BLC and which is controlled by Martin Hanman.

Exposure Period means the period of seven days (or 14 days if ASIC so decides) after the date of lodgement of this Prospectus with ASIC.

Forecasts means the Directors' financial forecasts for the Company for the financial year ending 29 June 2014 as set out in this Prospectus.

FY2012 means the financial year accounting period 27 June 2011 to 24 June 2012.

FY2013 means the financial year accounting period 25 June 2012 to 30 June 2013.

FY2014 means the financial year accounting period 1 July 2013 to 29 June 2014.

GST means GST as defined in A New Tax System (Goods and Services Tax) Act 1999 (Cth) or any like tax.

Heystead means Heystead Nominees Pty Ltd (ACN 005 090 102).

H1 FY2013 means the first half of the 2012/13 financial year accounting period 25 June 2012 to 23 December 2012.

H2 FY2013 means the second half of the 2012/13 financial year accounting period 24 December 2012 to 30 June 2013.

H1 FY2014 means the first half of the 2013/14 financial year accounting period 1 July 2013 to 29 December 2013.

H2 FY2014 means the second half of the 2013/14 financial year accounting period 30 December 2013 to 29 June 2014.

HIN means Holder Identification Number.

Listing means admission of the Company to the official list of the ASX.

Listing Rules means the Listing Rules of ASX.

NPAT means net profit after tax.

Offer means the invitation under this Prospectus to apply for Shares.

Offer Price means $0.66 per Share.

Performance Rights means rights to convert to Shares without payment as set out in this Prospectus.

Performance Rights Plan means the Team Member incentive plan described in Section 6.4.

Prospectus means this document (including the electronic form of this Prospectus), and any supplementary or replacement prospectuses.

Prospectus Date means 12 March 2014, being the date on which a copy of this Prospectus was lodged with ASIC.

PwCS means PricewaterhouseCoopers Securities Limited.

Share means a fully paid ordinary share in the capital of the Company.

Share Purchase Agreement means the share purchase agreement between the Exiting Party and the Company.

Share Registry means Computershare Investor Services Pty Limited.

Shareholder means a registered holder of a Share.

SRN means Security holder reference number.

Team Members means employees of the Company.

Underwriter means Morgans Corporate Limited.

Underwriting Agreement means the Underwriting Agreement between the Company and the Underwriter, details of which are set out in Section 10.1.

US Securities Act means the United States Securities Act of 1933.

US, USA or United States means the United States of America.

13. Corporate Directory

DIRECTORS

Ian Robinson (Executive Chairman)
(James) Eric Barr (Deputy Chairman)
Glen Robinson (Chief Executive Officer)
Neil Osborne

AUDITOR

PricewaterhouseCoopers
Freshwater Place
2 Southbank Boulevard, Southbank
Victoria

COMPANY SECRETARY

Tracey Hutchinson

INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Limited
Freshwater Place
2 Southbank Boulevard, Southbank
Victoria

REGISTERED OFFICE

5 Bastow Place
Mulgrave
Victoria

SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street, Abbotsford
Victoria

Phone: 1300 443 086
(03) 9415 4019

UNDERWRITER

Morgans Corporate Limited
Level 29
123 Eagle Street, Brisbane
Queensland
Phone: 134 226

LEGAL ADVISER

Baker & McKenzie
Level 19
181 William Street, Melbourne
Victoria

WEBSITE

Corporate site
www.beaconlightinggroup.com.au

Retail site
www.beaconlighting.com.au

please tick box if:

PRIORITY OFFER - In allocating Shares to Applicants, Team Members, franchisees and franchise members will each receive a priority entitlement to 4,000 Shares representing $2,640.00.

ACN 164 122 785

APPLICATION FORM

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay.
You should read the Prospectus dated 12 March 2014, any relevant supplementary Prospectus (if applicable) and the explanatory notes on the back carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary Prospectus (whether in paper or electronic form). **The Closing Date of the Offer is 4 April 2014.**

A I/we apply for

Number of Shares in Beacon Lighting Group Limited at $0.66 per Share or such lesser number of Shares which may be allocated to me/us.

B I/we lodge full Application Money

A$.

Enter the Application Monies. To calculate the amount, multiply the number of Shares by the issue price of $0.66 per Share.

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E Enter your contact details

Contact Name Telephone Number - Business Hours

( )

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G Payment details - Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$

Make your cheque, bank draft or money order payable to 'Beacon Lighting Share Offer' and cross 'Not Negotiable'.

By submitting this Application Form:

- I/we declare that I/we have received a copy of the Prospectus.
- I/we declare that this application is complete and lodged according to the Prospectus, and any relevant supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of the Company.

See overleaf for completion guidelines →

Samples/000001/000001/i

How to complete this Application Form

A **Shares applied for**
Enter the number of Shares you wish to apply for. The application must be for a minimum of 4,000 Shares at $0.66 per Share representing $2,640.00.

B **Application Monies**
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of $0.66 per Share.The minimum amount of Application monies is $2,640.00 and applications for less than this amount may be rejected.

C **Applicant Name(s)**
Enter the full name you wish to appear on the register of Shares and statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) particpants should complete their name identically to that presently registered in the CHESS system.

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

E **Contact Details**
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application Form.

F **CHESS**
The Company participates in CHESS. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G **Payment**
Make your cheque, bank draft or money order payable to **'Beacon Lighting Share Offer'** in Australian currency and cross it **'Not Negotiable'**. Your cheque, bank draft or money order must be drawn on an Australian Bank. Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**
Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected.
Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted.
No receipts for payment will be forwarded to Applicants.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Beacon Lighting Group Limited is upon and subject to the terms of the Prospectus and the Constitution of Beacon Lighting Group Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (**"CIS"**) by no later than 5:00pm (Melbourne time) on Friday, 4 April 2014. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

Beacon Lighting Group Limited
C/- Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001 AUSTRALIA

Neither CIS nor Beacon Lighting Group Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means.

If you have any enquiries concerning your Application, please contact Computershare Investor Services Pty Limited on 1300 443 086 (within Australia) or +61 3 9415 4019 (outside Australia).

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

please tick box if:

PRIORITY OFFER - In allocating Shares to Applicants, Team Members, franchisees and franchise members will each receive a priority entitlement to 4,000 Shares representing $2,640.00.

ACN 164 122 785

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Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter the postal address - include State and Postcode**

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E **Enter your contact details**

Contact Name

Telephone Number - Business Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

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- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
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See overleaf for completion guidelines ➔

Samples/000001/000001

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Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund