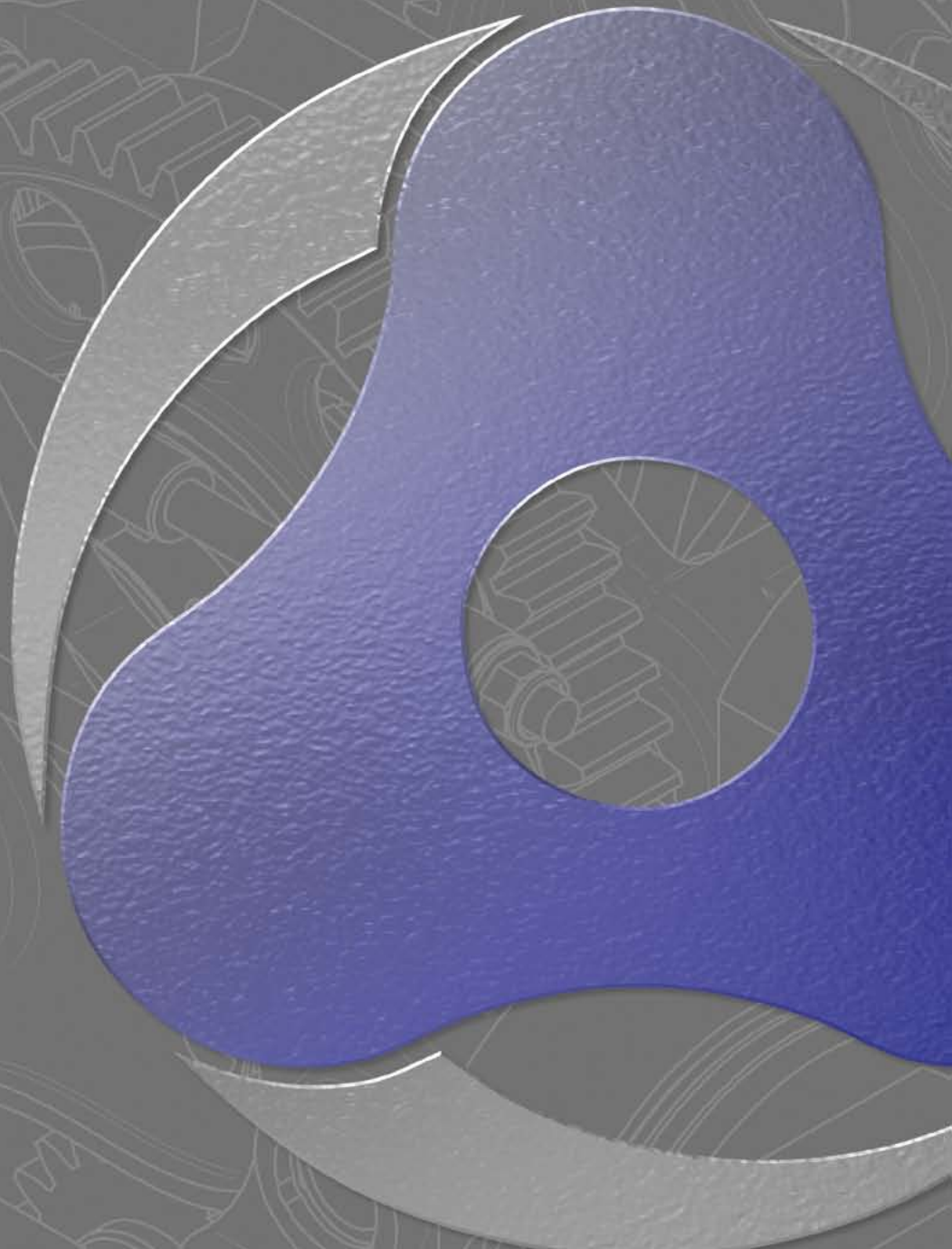


# REVETEC

*Let's Torque*

# PROSPECTUS



# IMPORTANT NOTICE

## REVETEC HOLDINGS LIMITED

ACN 115 621 317

### PROSPECTUS

This replacement Prospectus contains an Offer to investors to acquire Shares in Revetec Holdings Limited. The Offer is for up to 9,090,909 Shares at an issue price of \$1.10 per security payable in full on application.

This is an important document. You should read it in its entirety. You may wish to consult your professional advisor about its contents.

## Prospectus

This Prospectus is a replacement Prospectus. This replacement Prospectus is issued by Revetec Holdings Limited ACN 115 621 317, and replaces a Prospectus dated 20 September 2005. This replacement Prospectus was lodged with ASIC on 3 October 2005. This Prospectus expires on 19 October 2006. No securities will be issued or sold on the basis of this Prospectus after the expiry date.

## Information

Prospective investors should read the full text of this Prospectus, as the information contained in individual sections is not intended to and does not provide a comprehensive review of the business and financial affairs of Revetec or the Shares offered under this Prospectus.

The information provided in this Prospectus is of a general nature. Revetec has prepared this Prospectus without taking into account your individual investment objectives, financial situation or particular needs.

Before making an investment decision on the basis of this Prospectus, you should consider the appropriateness of the Offer, having regard to your individual objectives, financial circumstances and needs. If after reading this Prospectus, you have questions about any of the matters contained in this Prospectus or relating to the Offer, you should contact your legal, financial or other relevant adviser.

The asset depicted in the photograph on page 7 is the leasehold premises of Revetec Holdings Limited and the asset depicted in the photographs on page 39 are not assets of Revetec Holdings Limited.

## Authority

No person is authorised to provide any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by Revetec.

## Restrictions on distribution

This Prospectus does not constitute an offer or invitation in any jurisdiction other than Australia.

The laws of jurisdictions outside of Australia may restrict the distribution of this Prospectus. Persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an invitation would be unlawful.

## Prospectus availability

This Prospectus is available in electronic form at [www.revetec.com](http://www.revetec.com). This Prospectus is only available online to residents in Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. Any Australian resident who receives this Prospectus electronically will be sent a paper copy of the Prospectus (and attached Application Form) free of charge upon request during the Offer Period.

If you experience any problems you may email the Company at [prospectus@revetec.com](mailto:prospectus@revetec.com)

## Applications

The Application Form included in this Prospectus may only be distributed if it is included in, or accompanied by, a complete and unaltered copy of the Prospectus. The Application Form contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form. Applications under the Offer must be made by completing a paper copy of the Application Form included in this Prospectus or a printed copy of the Application Form included in the electronic copy of this Prospectus. Revetec will not accept a completed paper copy or electronic copy of the Prospectus if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

## Exposure period

Under the Corporations Act, Revetec is not permitted to process Applications in the period of seven days after the date of lodgement with ASIC of the Prospectus dated 20 September 2005.

ASIC extended this period for a further seven days, expiring 4 October 2005. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. No preference will be conferred on Applications received during this period.

## Privacy

When making an Application, Applicants will be required to provide personal information to Revetec and/or the Share Registry. Revetec and/or the Share Registry will collect, hold and use an Applicant's personal information in order to assess the Application, service the Applicant's needs as an investor, provide facilities and services that an Applicant requests and carry out appropriate administration. If an Applicant becomes a holder of Shares, Revetec may also use or disclose information to inform holders about matters that Revetec thinks may be of interest to them. If an Applicant does not want information to be used for this purpose, they should contact Revetec as set out below.

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

Revetec and/or the Share Registry may disclose an Applicant's personal information for purposes related to the Applicant's investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1998 (Cth)*:

- The Share Registry for ongoing administration of the register; and
- The printers and the mailing house for the purpose of preparation and distribution of statements or handling of mail.

Under the *Privacy Act 1998 (Cth)*, an Applicant may request access to personal information held by (or on behalf of) Revetec and/or the Share Registry. An Applicant can request access to personal information by writing to Revetec as follows:

### **Revetec Holdings Limited**

Attention: Company Secretary  
PO Box 8203  
GOLD COAST MAIL CENTRE  
QLD 9726

## MESSAGE FROM THE CHAIRPERSON

3 October 2005

### Dear Investor

#### Let's torque

As Chairperson of Revetec Holdings Limited (**Revetec**), I have great pleasure in presenting this Prospectus and offering you the opportunity to become a shareholder in Revetec.

Revetec is commencing the marketing phase for the licensing of its technology of a very powerful and fuel efficient engine at a most crucial time in the combustion engine industry.

The engine has nearly three times more torque than the conventional engine. Torque is what drives the engine and the vehicle. It follows that the greater the torque output, the more efficient the engine – resulting in savings in fuel consumption and fewer emissions.

This is a period of convergence of important world-wide trade issues which, we expect, will create an impetus for the adoption of our technology.

An oil industry analyst has predicted that the price of oil could increase to up to US\$100 per barrel during the next 12 months from the current rate of about US\$70 per barrel, which will result in higher prices at the bowser.

With almost daily news reports of the constant rise of the price of fuel at the bowser causing more and more hip pocket pain, in our view, there will be consumer pressure for car manufacturers to adopt engines which consume less fuel.

Car companies world-wide, including the most successful ones, are experiencing the strains of fierce competition from mainland Chinese car companies and are looking for means and ways to stem their losses and to increase profitability. Closing factories and shedding thousands of employees is only one of the strategies being adopted. We predict that the car companies will be looking for new technologies to improve their business.

Perhaps the most important factor, in the Directors' view, is both China's and India's entry into the World Trade Organisation. Chinese and Indian motor vehicle manufacturers are now required to have their own engine and to stop the practice of reverse engineering

in order to comply with international trading laws. To this end, car companies in both countries have already expressed interest in adopting our technology.

The environmental issue is becoming critical to combustion engine producers. Tough world-wide emission specifications are now in place in both China and India. Car manufacturers are seeking an efficient engine to replace their existing engines, as these engines currently do not comply with the tough emission standards in those countries.

Legislative change is also creating opportunities for our engine in the United States of America. With the US Government phasing out the use of aviation gas and replacing it with jet fuel (kerosene), which is already available in most airports, there is urgency for a lightweight compression/ignition type engine to replace the existing engine.

Our engine is adaptable for use with this fuel type and the development of such an engine will be a key focus of Revetec.

Revetec has completed its design on its prototype, which could now be adapted by our customers to meet their specific requirements.

Revetec's business model is simple - it proposes to licence its technologies to combustion engine producers world-wide, which means that Revetec can earn revenue without the risks associated with other companies where high overheads, employee issues and financial controls are major issues for growing international companies.

This Prospectus explains Revetec's operations and its financial position. It should be carefully read before making a decision to invest in Revetec.

The Directors join me in offering you the opportunity to participate in the ownership of Revetec and we look forward to welcoming you as a shareholder of Revetec Holdings Limited.

Yours faithfully,



Bradley David Howell-Smith  
Chairperson

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## SUMMARY OF OFFER

### 1.1 The offer

This Prospectus provides information on the offer by Revetec to Investors to subscribe for a total of 9,090,909 fully paid Shares in Revetec at an issue price of \$1.10 per Share.

### 1.2 Minimum subscription

The minimum subscription to be raised pursuant to this Prospectus is \$2,500,000.

Revetec will not issue any Shares until it has received the minimum subscription. If Revetec does not receive the minimum subscription within three months of the issue of the Prospectus, Revetec will refund all applications in full without interest.

If Revetec does not raise the minimum subscription, Revetec may not be able to continue as a going concern. In these circumstances, the Directors have given letters of support to Revetec confirming that they will provide financial support to Revetec to ensure that Revetec is able to pay its debts as they fall due. However, in these circumstances the Directors may curtail the operations of the Company and pursue alternative strategies consistent with the Company's then available resources.

### 1.3 Key dates

**Offer opens**

3 October 2005

**Offer closes**

30 October 2005

**Expected date for Shares to be allotted**

6 November 2005

**Shareholding statements expected to be dispatched**

9 November 2005

**Expected date for quotation of Shares on ASX**

14 November 2005

This timetable is indicative only. Revetec reserves the right to vary any of the dates in this timetable without notice.

### 1.4 How to apply for shares

To participate in the Offer, you must complete the application form attached to this Prospectus in accordance with the instructions on its reverse side. Applications must be for at least 2,000 Shares or a greater number in multiples of 500.

Revetec (or its Share Registry) must receive duly completed applications by no later than 5.00pm Australian Eastern Standard Time on the Closing Date. However, Revetec reserves the right to close the Offer at any time after the Offer opens. Investors are urged, therefore, to lodge their applications as soon as possible.

### 1.5 Allocation

Revetec reserves the right to reject any application or to issue a lesser number of Shares than those for which an Applicant makes an Application. If the number of Shares issued is less than the number applied for, Revetec will refund surplus application money without interest as soon as reasonably practicable after the close of the Offer.

### 1.6 Australian Stock Exchange listing

Revetec will make application to ASX within seven days after the issue of this Prospectus for Revetec to be admitted to the Official List of ASX and for the Shares to be granted Official Quotation.

### 1.7 Underwriting

The Offer is not underwritten.

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

## 2.1 Revetec Holdings Ltd

Revetec is an engine design and development company and is developing the controlled combustion engine (CCE). The Revetec CCE design is more fuel efficient, lighter and produces three times more torque output than equivalent conventional combustion engines.

The Technology can be applied, with further research and development for the specific application, to most internal and external combustion engines. These include motor cars, trucks, buses, trikes, marine engines, light aircraft, pumps and generators. The Revetec CCE design can also be adapted to a variety of fuel types, including petrol, diesel, JP8 fuel and compressed natural gas.

## 2.2 Purpose of the offer

The key purposes of the Offer are to:

- raise funds to accelerate further research and development of the CCE design and the marketing and commercialisation of the CCE design technology;
- raise additional working capital for Revetec;
- enable the public to participate further in the ownership and growth potential of Revetec; and
- create a liquid market for Shares.

## 2.3 Key information

### Issue Price

\$1.10

### Total Shares prior to the Offer

190,887,848

### New Shares offered under this Prospectus

9,090,909

### Total Shares on close of the Offer

199,978,757\*\*

### Existing Shareholders

95.5%

### Investors

4.5%

### Market capitalisation at Issue Price

\$219,976,633\*\*

\* The ASX may, as a condition of granting Revetec application for Official Quotation of its Shares, classify all or some of the existing Shares in Revetec as restricted securities. For details, see section 3.6 of this Prospectus.

\*\* Assumes that the Offer is fully subscribed.

## 2.4 Corporate objectives & strategies/prospects

Revetec seeks to be recognised as providing the world's leading combustion engine through providing greater efficiency, torque and cost savings to other combustion engines.

Revetec is an engine design company. Its dominant strategy is to license engine producers/users to use Revetec's Technology to:

- further develop the Technology for specific applications relevant to the producer/user; and
- subsequently produce engines using the Technology.

## 2.5 Snapshot of Revetec's progress

The principal advantage of the Revetec CCE design is that it can produce about three times the torque, compared to a conventional engine with crankshaft, for a given piston pressure profile.

In the director's opinion, if the working production engines are successfully developed, the other advantages are:

- Smaller and lighter;
- Better fuel consumption; and
- Fewer emissions.

### Patents

Revolution Engine Technologies Pty Limited (a wholly owned subsidiary of Revetec Holdings Limited) holds patents or has made patent applications for the CCE design in 21 countries, including the United States of America, Europe, Australia, China, the United Kingdom and Japan.

### Development

1.35 litre petrol driven working prototype engine.

### Commercial arrangements

Revetec is in varying stages of discussion with a number of parties for use of Revetec's Technology. Revetec has entered into the following commercial agreements:

- Memorandum of Understanding with Kirloskar Oil Engines Limited to collaborate in design, prototype building and testing for power generation, pump, tractor and automotive applications;

## 2 INVESTMENT OVERVIEW *(continued)*

- Appointment of Pushkaraj Enterprises as exclusive representative of Revetec in India;
- Memorandum of Understanding with Orbital Australia Pty Limited ([www.orbitalcorp.com.au](http://www.orbitalcorp.com.au)) to collaborate in the design, development and testing of an engine suitable for JP8 fuel for use by the light aircraft industry and other applications;
- Licence Agreement with The Hudson Group Pty Limited that grants an exclusive right to use Revetec's Technology to manufacture engines for use in motorised trikes; and
- Appointment of Phoenicia Limited and Juliet Zora as Revetec's exclusive representatives in the Middle East.

### 2.6 Use of funds

The Directors are committed to an accelerated research and development program from funds raised under this Prospectus. The Directors currently intend to use funds raised from the Issue (based on the minimum and the maximum capital raising) as follows:

Research and development in the following areas:

Use	Min. raised	Max. raised
Petrol engines	\$1,000,000	\$2,500,000
JP8 fuel engines	\$400,000	\$500,000
Diesel engines	\$100,000	\$1,500,000
Pumps & Generators		\$100,000
Costs of issue	\$560,000	\$1,060,000
<b>Sub Total</b>	<b>\$2,060,000</b>	<b>\$5,660,000</b>
Working capital (business development, patent protection & overheads)	\$440,000	\$4,340,000
<b>Total</b>	<b>\$2,500,000</b>	<b>\$10,000,000</b>

The Directors will continually assess the appropriate use of Revetec's resources and may change the application of Revetec's funds as the commercialisation of the Technology progress.

If Revetec does not raise the maximum amount sought under this Prospectus, this will have a material impact on the speed with which Revetec can pursue the commercialisation and further research and development of the Technology. This may have a material impact on the time frame within which Revetec can generate revenues and profits.

The Directors are satisfied, that if Revetec raises the minimum subscription under this Prospectus, Revetec will have enough working capital to carry out its stated objectives.

If Revetec does not raise the maximum amount sought under this Prospectus, the Directors intend to apply the funds raised on a pro rata basis to their currently identified research and development and commercialisation priorities as described in the table above outlining use of funds.

### 2.7 Financial information

Detailed financial information about Revetec can be found in section 10.

The Directors have considered the matters set out in ASIC Policy Statement 170 on prospective financial information. The Directors believe that they do not have a reasonable basis to forecast future earnings, as the operations of the Company are inherently uncertain.

### 2.8 Dividend policy

The dividends to be paid by Revetec will be dependent upon the Company achieving profitability. The Directors cannot give any assurances as to the extent, timing, and level of franking or payment of any future dividends because these are dependant on a number of factors. These factors include the level of earnings, the amount of tax paid, the financial position of Revetec and future operating conditions.

### 2.9 Risk factors

Prospective investors in Revetec should be aware that subscribing for Shares offered under this Prospectus involves a number of risks. These risks are set out in section 12. Investors are urged to consider these risks carefully (and if necessary, consult their professional adviser) before deciding to invest in Revetec.

The risk factors set out in section 12. and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares.

Prospective Investors should consider an investment in Revetec as speculative.

### 3.1 Description of the Offer

This Prospectus provides information on the Offer by Revetec to the public to subscribe for a total of up to 9,090,909 Shares at an issue price of \$1.10 per Share. The Issue Price is payable in full upon application.

### 3.2 Applications for shares

Applications for Shares offered by this Prospectus must be made, and will only be accepted, on the Application Form.

A duly completed and lodged Application Form will constitute an offer by the Applicant to subscribe for the number of Shares applied for pursuant to the Application Form.

The Offer will open at 9.00am on the Offer Open Date and will remain open until 5.00pm on the Closing Date, (subject to the right of the Directors to close the Offer at any time without prior notice).

No brokerage or stamp duty is payable by Applicants in respect of their applications for Shares under this Prospectus. The amount payable upon application will not vary during the period of the Offer and no further amount is payable upon allotment.

Revetec reserves the right to issue to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an application. The acceptance of applications and the allocation of Shares are at the discretion of Revetec.

There is no provision to accept over subscriptions.

Application money will be held in trust in a subscription account until issue. The subscription account will be established and kept by Revetec on behalf of the Applicants.

If the number of Shares issued is fewer than the number applied for, or an application is rejected, Revetec will refund the surplus application money (or the whole of the application money where an application is rejected), without interest as soon as reasonably practicable after the close of the Offer.

Revetec will retain all interest earned on application money, whether or not Revetec issues all or any Shares on an application or the Offer does not proceed.

### 3.3 Instructions to applicants

To apply for Shares, investors must forward a completed application form and payment of the Issue Price per Share. Payment must be by way of cheque or bank draft drawn on and payable at an Australian bank.

Applications must be made for a minimum of 2,000 Shares. Applications in excess of the minimum must be in multiples of 500 Shares.

**Cheques should be made payable to 'Revetec Holdings Limited' and crossed 'not negotiable'.**

While it is not obligatory for Applicants to quote their Tax File Number (TFN), tax will be withheld at the rate of 48.5% on unfranked or partially franked dividends if Australian resident shareholders do not quote their TFN. Shareholders may notify Revetec of their TFN by completing the relevant section of the Application Form.

Completed Application Forms and payments must be lodged with Revetec by posting to Computershare Investor Services Pty Ltd, GPO Box 523, Brisbane, Queensland 4001.

The Shares will be issued and holding statements will be despatched to successful Applicants as soon as reasonably practicable after the close of the Offer.

If you are in any doubt as to how to deal with the Prospectus, please consult your stockbroker, legal or financial adviser.

### 3.4 No underwriting

The Offer is not underwritten.

### 3.5 Stock Exchange listing

Revetec will make application to ASX no later than seven days after the date of this Prospectus for Revetec to be admitted to the Official List of ASX and for the Shares to be granted Official Quotation.

If the Shares are not granted official quotation within three months of the date of this Prospectus, Revetec will refund all Application Money in full without interest.

The fact that ASX may agree to grant official quotation of any Shares is not to be taken in any way as an indication of the merits of Revetec or the Shares offered. ASX takes no responsibility for the contents of this Prospectus.

Revetec will apply to participate in CHESS. Revetec will not issue share certificates to Applicants who are issued Shares. Following issue, Revetec will provide each shareholder with a holding statement that sets out the number of Shares issued to the shareholder. The holding statement will also inform shareholders of their Shareholder Reference Number. Shareholders will receive an explanation of sale and purchase procedures under CHESS with their holding statement.

**It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell the Shares before they receive their share notice do so at their own risk.**

### 3.6 Restricted securities

ASX may, as a condition of granting Revetec's application for Official Quotation of its Shares, classify all or some of the existing Shares as restricted securities.

The Directors expect that the Shares held by the Directors (and associates of the Directors who are regarded as related parties of Revetec for the purposes of the Listing Rules) will be:

- classified as restricted securities; and
- subject to compulsory escrow for 24 months from the date on which quotation of the Shares commences.
- ASX may also classify other Shares held by existing Shareholders as restricted securities in accordance with the Listing Rules.



### 4.1 History of the engine development

Automotive engineer Bradley Howell-Smith initially conceived the Controlled Combustion Engine (CCE) design and lodged the initial patent application for the CCE design in 1995.

In April 1996, Bradley Howell-Smith incorporated Revolution Engine Technologies Pty Limited (Revolution) for the purpose of building the initial CCE prototype. The initial prototype built was version 5.3 and carries engine number 965.301.

This prototype was initially run in June 1996. This engine has since run hundreds of times, exceeding Bradley Howell-Smith's performance expectations, as the engine was only constructed to run a few times to demonstrate the CCE concept.

Revetec Limited was established in August 1997 for the purpose of acquiring 100 per cent of the issued Shares in Revolution.

Soon after, Revetec Limited established a research and development facility in Sydney, New South Wales, and commenced development on the CCE 2001-01 prototype. The CCE 2001-01 prototype is a water cooled, quad cam, eight valve engine with a direct fire waste spark ignition system and sequential port fuel injection. The engine was initially run in late 2001.

The next prototype was the CCE 2003-01 produced to test the torque output which is the central issue in the CCE theory. This engine was successfully tested and 72 Newton – metres (Nm) of torque was produced at 1700rpm. The CCE 2003-01 has a total capacity of 450cc and sweeps 1.5 litres per revolution and is under half the size of the CCE 2001-01 prototype. This engine sports quad camshafts, four valves per cylinder, sequential duel fuel injection and a direct waste spark ignition system.

The current prototype is the CCE 2004-01 which is a 1.35 litre petrol engine designed specifically for cars using conventional 1.8 litre engines. The engine is completed in billet aluminium, and is presently undergoing trials and will be tested for emission, fuel consumption and torque and brake horse power output.

### 4.2 Acquisition of business assets of Revetec Limited

Revetec Holdings Limited was incorporated on 4 August 2005 to acquire the business assets of Revetec Limited. This acquisition was completed on 14 September 2005. Details of the contract of sale are set out in section 14.3.

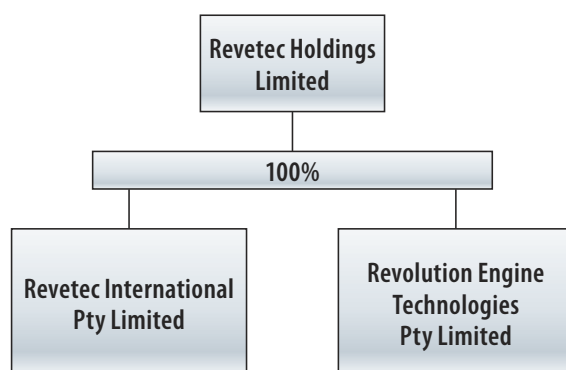
### 4.3 Research and development facility

Revetec has a research and development facility at Wetherill Park, Sydney, New South Wales. Revetec undertakes the majority of its prototyping at this facility to ensure quick manufacture and feedback, maintenance of quality and ease of manufacture.



### 4.4 The group structure

The Revetec group structure is as follows:



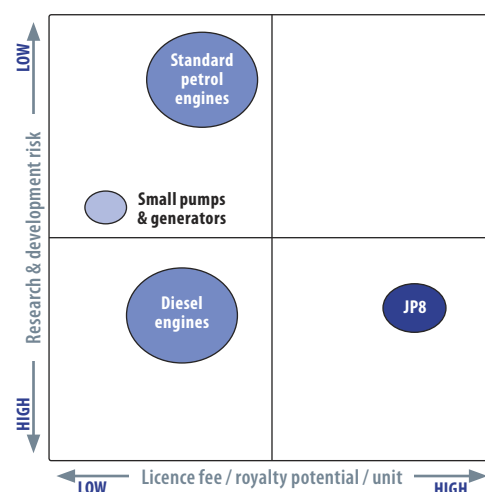
Revetec has granted a master licence for the commercialisation of the Technology from Revetec to Revetec International. The Directors expect that Revetec International will establish special purpose subsidiary companies as part of its commercialisation/licensing strategy. This is consistent with Revetec's objectives for its licensing program as described in section 7.3. Revetec International will assess the appropriate entity through which to enter licensing arrangements with its commercial partners on a case by case basis.

### 4.5 Prioritisation of R&D activities

The research and development activities of Revetec will be based on:

- Cash funds of Revetec
- Prioritisation of development of the CCE design technology based on fuel types and applications after consideration of:
  - Research and development risks;
  - Royalty potential per unit;
  - Revenue potential to Revetec; and
  - A compelling case, or alternatively barriers to entry, of the CCE technology in fuel types and/or applications.
- Revetec's ability to enter into agreements with licensees to carry out any research and development of the core CCE design technology that is necessary to adapt the CCE design to the licensee's specific application.

An illustrative outline of the Directors' assessment of research and development risks, revenue potential per unit and the relative revenue potential to Revetec of the application of the CCE technology is outlined in the following table:



1. The size of the bubble is the Directors assessment of comparable gross revenue potential of the application of the CCE technology
2. The shades of the bubble reflect the perceived compelling case for the adoption of the CCE technology.



The assessment of the compelling case has been determined after consideration by the Directors of issues relating to:

- environmental issues on fuel emission
- market acceptance and ability to enter into a license agreement to carry out any research and development of the core CCE design technology relative to the target applications
- regulatory approvals required.

## 4.6 Commercialisation project timeline

The Directors have adopted a three year development program to speed up the commercialisation of the various engines.

The progress and spread of development is dependent on the amount of funds raised during the float. Wherever possible, Revetec will also utilise Federal Government funding to meet the engine development objectives.

As Revetec has completed its prototype development it will provide conceptual designs to each of the participating strategic partners for them to take over the core design, development and testing of engines to meet their specific requirements. This is a Summary of the Project Timeline:

## 4.7 Future prospects

At the date of this Prospectus, the Directors are unable to quantify the future financial prospects of Revetec or outcome of research and development and commercialisation strategies with any certainty, given the risks outlined in section 12 of this Prospectus.

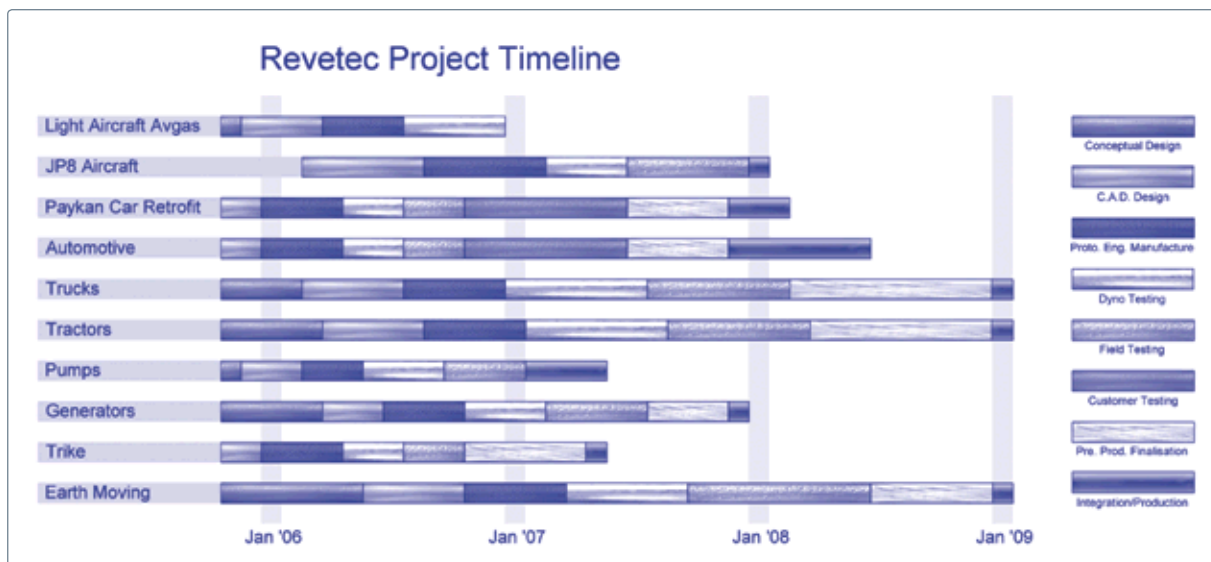
The benefits of the Technology are outlined in section 5.2 of this Prospectus. The Directors consider that, as a consequence of the benefits of the Technology over conventional combustion engines and the convergence of

market forces identified in the Chairman's letter at the front of this Prospectus, the Technology will be well received by engine manufacturers in Revetec's target markets.

Revetec's research and development priorities and commercialisation priorities are identified in sections 4.5, 4.6 and 6 of this Prospectus. Revetec has already entered into agreements with potential commercialisation partners as described in sections 2.5 and 14.2 of this Prospectus and is in preliminary discussions with other potential commercial partners.

As described in section 6 of this Prospectus, further research and development is required to adapt the prototype 1.35 litre engine to specific applications that will result in generating revenue to Revetec. The Directors have developed a licensing strategy, which the Directors consider to be the most effective and efficient way to progress the further research and development and commercialisation of the Technology. The licensing strategy is discussed in section 7 of this Prospectus. This strategy involves the commercial partners of Revetec undertaking the specific further research and development required to adapt the prototype engine to that commercial partner's specific application.

You need to read this Prospectus in full to be able to make an informed assessment of the prospects of Revetec.



## 5 REVETEC'S CCE TECHNOLOGY

### 5.1 How it works

The Revetec CCE design consists of two counter-rotating "trilobate" (three lobed) cams geared together, so both cams contribute to forward motion. Two bearings run along the profile of both cams (four bearings in all), and stay in contact with the cams at all times. The bearings are mounted on the underside of the two interconnected pistons, which maintain the desired clearance throughout the stroke.

The two cams rotate and raise the piston with a scissor like action, to the bearings. Once at the top of the stroke, the air/fuel mixture is fired. The expanded gas then forces the bearings down the ramps of the cams, spreading them apart ending the stroke.

The point of maximum mechanical advantage can be made at about 10 degrees After Top Dead Centre (ATDC) (the piston has moved approximately 5 per cent of its travel), making the most of the high cylinder pressure. This compares to a conventional engine that reaches maximum mechanical advantage around 60 degrees ATDC, after the piston has moved through 40 per cent of its travel, losing valuable working pressure.

The effective turning force is determined by the distance from the point of bearing contact to the centre of the output shaft (not the stroke). A conventional engine's turning distance (turning force), is half of the piston stroke.

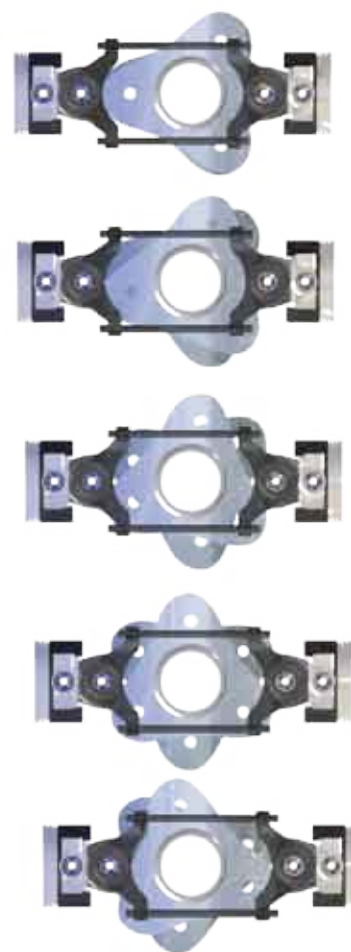
The effective power application of the CCE design is increased over the effective power application of a conventional crankshaft. A crankshaft applies power from 0 per cent to 99 per cent and back to 0 per cent in a sharp peak, delivering an overall 64 per cent efficiency. The CCE applies maximum turning force almost immediately at the start of the stroke and tapers down towards the end of the stroke, which gives more than 89 per cent mechanical efficiency.

The piston acceleration throughout the stroke is controlled by the cam profile, which can be altered to give acceleration to suit a certain fuel characteristic and/or torque application. This also allows different port timing on opposite strokes, providing increased efficiencies on two-stroke engines.

The piston assembly slides rigidly through the block, eliminating piston to bore contact. This reduces wear and lubrication requirements (reducing emissions). This also reduces piston shock to a negligible amount, making solid ceramic engine components viable (increasing efficiency).

One module (which comprises a minimum of five moving components), can produce six power strokes per revolution. Increasing the number of lobes on each cam to five can produce 10 power strokes without increasing the total amount of components.

The CCE integrates well with existing power plants, due to a similar operating manner to conventional engines.



### 5.2 Advantages

The CCE design, in the Directors' opinion, has a number of advantages over comparable conventional combustion engines.

The following is a summary of these advantages:

- High torque
- Less fuel consumption and increased efficiency;
- Lower emissions;

- Smaller and lighter;
- Compact in design;
- Can be adapted for four-stroke/two-stroke, petrol/diesel/JP8 light aircraft fuel/ compressed natural gas.
- A hollow output shaft can be utilised for specialty pump and engine applications;
- Irregular reciprocating components are eliminated, reducing vibration;
- All rotational forces are counteracted via the counter rotating cam;
- The CCE design can operate with a shorter stroke, reducing heat loss through cylinder wall;
- Extended piston dwell is possible;
- Maximum mechanical advantage can be applied to output shaft as early as 10 degrees ATDC utilising high cylinder pressure early in the stroke, unlike conventional engines that are about 60 degrees ATDC;
- Torque and power output can be varied using a fixed capacity and piston stroke;
- Reduced cylinder wear; and
- Low centre of gravity.

### 5.3 Disadvantages

The Directors consider that the CCE design has the following principal disadvantages:

- Market acceptance – the success of the Technology will depend in large part on the market acceptance of the Technology. This is impacted by a variety of factors including barriers to entry created by the penetration and use of existing technologies. The Directors’ strategy is in part based around identifying markets where market forces and legislative change create a demand for new technologies.
- Further research and development – Revetec has completed the research and development of its prototype 1.35 litre petrol engine. Further research and development is required to adapt this engine to specific applications and different fuel types.
- Integration – while the Technology is designed to replace the bottom end of combustion engines, it must still be integrated with the other components of an engine as well as the application’s electrics & chassis.
- Risks – there are risks associated with Revetec and the Technology, which are described in section 12.

### 5.4 Let’s torque

Leap Pty Limited, an independent engineering consultancy, has concluded that an engine based on the CCE design can produce about three times the torque compared to a conventional engine with crankshaft for a given piston pressure profile. A report from Leap Pty Limited is included in section 8.

Torque output is an important factor in the performance of engines. Higher torque provides better acceleration and requires less horsepower to do an equivalent job or application. When the torque output of an engine peaks, the horsepower is still rising, compensating for the torque dropping. At this point, a vehicle begins to consume more fuel for the same acceleration.

Any given vehicle, in any given gear, will accelerate at the same rate that exactly matches the engine’s torque curve (allowing for wind and rolling resistance as speed climbs). Another way of saying this is that a car will accelerate hardest at its torque peak in any given gear, and will not accelerate as hard below that peak, or above it. Torque is the only thing that a driver feels.

Three hundred Newton metres of torque will accelerate a car just as hard at 2,000 rpm as it would if the car was making that torque at 4,000 rpm in the same gear, yet, the kilowattage would be double at 4,000 rpm. Therefore, kilowatts are not particularly meaningful from a driver’s perspective.

An engine may be producing maximum torque at 3,000rpm yet the maximum kilowatts are produced at 6,000rpm. As the torque decreases between these figures, the kilowatts and rpms increase, which wastes fuel and produces higher emissions. Engine manufacturers globally are searching for technology that produces higher torque at a wider rpm range. The lower the rpm range, the better.

Revetec’s engine technology relates to producing higher torque at lower and wider rpm ranges. This is done by changing the mechanical link from a piston to the output shaft with our patented “Dual Trilobate Cam” design. We have already produced over 70Nm of torque from a Revetec normally aspirated 450cc engine. This figure can be put in perspective by stating that we produce triple the torque than a comparable conventional engine. This torque figure should reduce fuel consumption and emissions dramatically, while providing better acceleration and increased responsiveness.

## 6.1 Product markets

The Directors have been unable to accurately verify the annual size of the world wide combustion engine market. However, the Directors consider that it exceeds US\$80 billion annually.

The Directors have identified a number of segments of the combustion engine market and have established priorities for the commercialisation of the CCE technology in these markets.

The Directors consider that the markets for the Technology are appropriately categorised by fuel type and sub-categorised by application. The Directors have categorised these markets as follows:

- **Petrol engines**
  - Motor vehicles
  - Trikes (three-wheel motorcycles).
- **JP8 engines**
  - Light aircraft
  - Military applications
- **Diesel engines**
  - Trucks
  - Motor vehicles
  - Marine.
  - Agricultural & industrial earth moving equipment
  - Pumps and generators

The priorities for the commercialisation of the Technology will depend on a number of factors, some of which are described in section 4.5. The Directors' current priorities based on these factors are:

- Motor vehicles
- Trikes (three-wheel motorcycles).
- Light aircraft.
- Trucks
- Tractors
- Pumps & Generators

## 6.2 Petrol engines

### (a) Motor vehicles

#### Overview

Revetec's principal focus for the commercialisation of the Technology is currently combustion engines for motor vehicles. The Directors expect that this market will be the most significant market for the CCE design.

#### Current development

Revetec has developed a working 1.35 litre petrol prototype engine. This engine is currently running and is trialled on the dynamometer and will be tested for fuel consumption, torque and brake horsepower output and emissions.

#### Commercialisation

Revetec is in preliminary negotiations with potential partners for the commercialisation of the Technology in the automotive industry, including potential partners in India, China, Europe and Japan.

There may be a significant lead time from entering initial arrangements with an automotive manufacturer to commercial production and use by the manufacturer of the CCE design. There will be a number of factors that impact this timeframe. These factors include the amount of research and development that will be required to adapt the CCE design to the required size and usage, the level of re-tooling required to manufacture the engine and the amount of internal testing that the manufacturer requires before implementing a new engine.

### (b) Trikes (three-wheel motorcycles)

#### Overview

Revetec expects that trikes will be an early market for the adoption of Revetec's CCE design. The CCE design's light weight, compactness, good power to weight ratio and low centre of gravity makes the CCE design well suited to trikes and two wheel motorcycles, although the Directors consider there are commercial impediments that may restrict the application of the CCE technology to two-wheel motorcycles.

The planned trike engine under the CCE design is planned to be about half the height of current trike engines, with the weight evenly distributed around the output shaft. This increases stability and handling capabilities and the ability to increase ground clearance.

### Current development

The Directors intend that the 1.35 litre petrol engine prototype that has been developed will be the platform engine for commercialisation of the Technology in trike engines.

### Commercialisation

Revetec has entered into an exclusive licence agreement with The Hudson Group Pty Limited (Hudson) for the use of engines in trikes by adopting the 1.35 litre petrol engine.

Hudson is an Australian manufacturer trading under the name of Rewaco.

Further details of the licence agreement with Hudson are contained in section 14. The agreement provides for payment of a licence fee based on a minimum of 250 engines in the first year, increasing to a minimum of 5,000 engines in the fourth and subsequent years.

Revetec installed and initially tested a CCE design engine in a trike in August 2004.

## 6.3 JP8 engines (light aviation/military)

### Overview

The US government is phasing out aviation gas and is replacing aviation gas with kerosene based fuel for light aircraft. The phasing out of aviation gas is due to the high lead content used as an octane booster in the fuel.

Additionally, both the US and UK military are seeking to replace petrol (gasoline) with 'heavy fuel' (diesel or JP8), which is a non explosive fuel, to be the only fuel for the battlefield. The conventional engines are too heavy for air vehicles and, at the desired size, not efficient enough.

There is an increasing need in both civilian and military fields to eliminate the use of petrol as a primary fuel and replace with heavy fuel. There are both logistical and safety reasons driving this need. The use of petrol is also discouraged due to its higher volatility and additional risk of fire.

In the past, the most common means of eliminating the use of petrol was to adopt diesel fuelled engines. Diesel engines, however, are very large and heavy for a given power output and are also expensive.

The Directors consider that the Revetec engine is suitable for adaptation to this JP8 fuel.

Due to the CCE's compactness and lightness the Directors consider the Technology is suited to ultra-light and small avionics use. Two of the major requirements of an engine for aviation use are that the engine be streamlined (low frontal area) and have good power to weight ratio. The engine frontal area of the CCE design is reduced and the power to weight in the CCE design is doubled over comparable conventional combustion engines, which increases payload space and range of flight. Also, feedback from ultra-light aircraft engineers states that a slower shaft speed while retaining good torque is more beneficial than what is currently being used. The Directors consider that the CCE can achieve the desired characteristics.

### Current development

Revetec has entered into a Memorandum of Understanding with Orbital Australia Pty Limited (See section 14.2) to evaluate the research and development of a the Revetec engine capable of operating on JP8 fuel for the light aircraft industry and other applications.

### Commercialisation

While there are no current commercial arrangements in place, Revetec's understanding with Orbital is expected to lead to a development of the Revetec engine fitted with Orbital's injector for JP8 fuel.

## 6.4 Diesel engines - trucks, tractors, earthmoving machines)

### Overview

The high torque output at lower revolutions and engine compactness is expected to be well received in the commercial sector, particularly in diesel trucks, tractors and earthmoving machines.

### Current development

Revetec proposes to license partners in the commercial market to adapt the 1.35 litre engine design as the platform for conversion to diesel applications.

### Commercialisation

There are no current commercial arrangements entered into in relation to these applications, however, Revetec is presently in preliminary discussions with engine manufacturers in both India and China for potential licensing arrangements.

### 6.5 Other applications

Other applications planned to be developed in due course include:

- Small pumps and generators;
- Marine engines.

#### Small Pumps and Generators

Small pump and electric generator producers are seen to be logical adopters of the CCE design due to its light weight, compactness and good power to weight ratio.

The CCE design has the advantage of allowing a hollow output (drive) shaft and the engine is also able to be mounted with the output shaft being vertical. This provides a competitive advantage to existing engine technology for some small pumps and generators by the increase of torque and reduction of vibration.

Revetec expects that small pumps and generators will be an early market for the uptake of the Technology and that the lead-time for commercial production of CCE design engines for small pumps and generators may be less than other applications.

#### Marine

The Directors consider that the CCE's compactness and lightness makes the CCE design well suited to marine use. Whether the CCE technology is used in small craft in the form of an outboard or it is applied to larger ships using steam over diesel power plants, the CCE design should provide a more compact and light engine which increases available payload space.

#### Current Development

The current 1.35 litre engine will be the standard platform for further adaptation for these applications.

### Commercialisation

At present there are no commercial arrangements entered into for the commercialisation of the CCE design for these applications.

### 6.6 Competitors

The combustion engine manufacturing market is large. Conventional reciprocating engines and rotary engines that are currently used are the main competitors for the CCE design. The current use, penetration and market acceptance of these engine technologies creates significant barriers to entry in the target markets for Revetec.

There are also alternative engines being developed at the present time, including the scotch yoke engine and pivotal two stroke engine.

The conventional, rotary and alternative engines are all at various stages of ongoing research and development. In the Directors' opinion, it is impractical to ascertain the impact of these and other future developments on the ability of the Technology to be successfully commercialised.



# REVETEC'S BUSINESS MODEL

## 7.1 Overview

Revetec has developed a working prototype 1.35 litre petrol engine and carried out dynamometer testing and will be carrying out road testing of this engine. Revetec has road tested the 450cc engine in a Trike.

Revetec's strategy is now to license this core Technology to engine users to:

- use this core Technology; and
- carry out further research and development on this core Technology for the purpose of developing specific applications.

## 7.2 Priorities

Revetec's commercialisation and further research and development priorities are:

- **Petrol engines**
  - Motor vehicles
  - Trikes (three-wheel motorcycles).
- **JP8 engines**
  - Light aircraft
- **Diesel engines**
  - Trucks
  - Tractors
  - Pumps and generators

## 7.3 Licensing objectives

Revetec has established the following objectives for its licensing program:

- Revetec to own all intellectual property associated with the CCE design and its subsequent development;
- licensees generally to carry research and development risk; and
- generally non-exclusive licences.

## 7.4 Licensing terms

Revetec intends that its proposed business model will comprise the following licensing terms:

- Revetec will grant a licence to the licensee to use the core CCE design technology;
- the licensee will generally carry out any research and development of the core CCE design technology that is necessary to adapt the CCE design to the licensee's specific application;

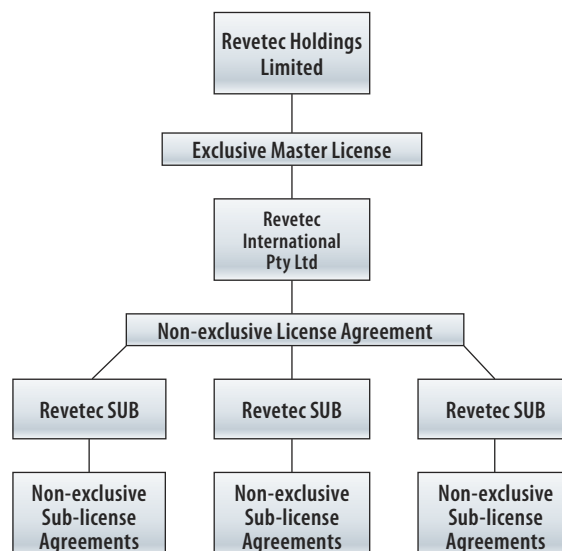
- Revetec will own all of the intellectual property rights that arise out of the further research and development of the core CCE design technology;
- the licensee will generally be required to commit to an agreed research and development program, including:
  - minimum financial and resource commitment; and
  - milestones;
- the licensee will pay a royalty to Revetec based on a price per engine produced by or on behalf of the licensee; and
- the licensee will be required to commit to minimum production criteria of engines comprising the CCE technology following the completion of the research and development program.

Revetec intends that it will generally grant licences to the core CCE design technology on a non-exclusive basis. Revetec may consider granting a licensee a fixed exclusivity period if that is necessary to conclude a licence. This may be the case for instance where the licensee will undertake significant research and development (eg. initial licence for diesel applications).

The terms of any final licensing agreements will depend on the outcome of negotiations between Revetec and its prospective licensing partners. The terms outlined above represent the broad basis on which Revetec will be seeking licensing partners.

## 7.5 Illustrative example

The following diagram is an illustrative example of the typical licensing arrangement that Revetec expects to enter.





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**10 August 2005**

REVETEC Holdings Limited  
 PO Box 8203  
 GOLD COAST MAIL CENTRE QLD 9726

**RE: INDEPENDENT TECHNICAL REPORT**

This report has been prepared upon request from REVETEC Holdings Limited. To be included in a Prospectus to be issued in or about September 2005 by REVETEC Holdings Limited for the issue to member of the general public.

LEAP Pty Ltd is an engineering company specialised in computer-aided design and analysis.

**Information Supplied**

This report is based on the basis of the following information supplied by REVETEC Holdings Limited:

- (a) Patent Application in the name of Revolution Engine Technologies Pty Ltd entitled Controlled Combustion Engine (CCE);
- (b) The theory descriptions and engine designs for the CCE.

**Description of Engine**

The engine design prepared by REVETEC Holdings Limited represents a reciprocating internal combustion engine with an alternative piston drive mechanism. In all other respects represents conventional engine technology.

The REVETEC Engine design consists of two counter-rotating "trilobate" (three lobed) cams geared together, so both cams contribute to forward motion. Two bearings run along the profile of both cams (four bearings in all) and stay in contact with the cams at all times. The bearings are mounted on the underside of the two inter-connected pistons, which maintain the desired clearance throughout the stroke.

The two cams rotate and raise the piston with a scissor-like action to the bearings. Once at the top of the stroke the air/fuel mixture is fired. The expanded gas then forces the bearings down the ramps of the cams spreading them apart ending the stroke. The point of maximum mechanical advantage or transfer is around 10deg ATDC (the piston moving approximately 5 per cent of its travel) making the most of the high cylinder pressure.

This compares to a conventional engine that reaches maximum mechanical advantage about 40deg ATDC. (after the piston has moved through 40 per cent of its travel, losing valuable cylinder pressure). The effective cranking distance is determined by the length from the point of bearing contact to the centre of the output shaft (NOT the stroke).

The dual bearings contact the two cams in the opposite side which cancels the side forces out. The piston assembly does not experience any side force which will reduce wear and lubrication requirements at the cylinder contact. This also reduces piston shock to a negligible amount making ceramic technology suitable. One module which comprises of a minimum of five moving components, produces six power strokes per revolution. When the number of lobes on each cam increases to five, it produces 10 power strokes, without increasing the number of components. The CCE integrates well with existing power plants and can utilise almost all existing engine technology with increased efficiency.

### Comments – Torque Potential

We have conducted an independent analysis which shows that the REVETEC CCE engine can produce about three times the torque compared to a conventional engine with crankshaft for a given piston pressure profile.

The power output is similar to a conventional engine, but given that the significant improvement in torque output is almost three times that of a conventional engine, we conclude that the Revetec engine will provide far better acceleration, which can reduce fuel wastage and provide a reduction in exhaust emissions.

The CCE engine is extremely well suited for high torque applications such as generators, machinery and light aircraft. It may require less gear to convert and transmit the torque and potentially reduce transmission losses in motor vehicles and trucks.

The following table shows the calculations

Piston Displacement	Cylinder Pressure	CAM Angle (Deg)	REVETEC CCE	Conventional Engine Torque (Nm)	Crank Angle (Deg)
0	4372	0	194.4	0	0
0.54	6995	2	313.5	111.3	10.85
1.22	7781	4	518.4	184.4	16.39
2.33	8000	6	844.3	258.3	22.82
3.99	6995	8	925.2	287.8	30.05
6.01	6120	10	884.2	299.1	37.21
8.2	4415	12	660.2	243.2	43.92
10.51	3672	14	560.3	220.1	50.28
11.7	3148	15	482.6	195	53.37
14.12	2910	17	444.7	185.8	60
17.73	1407	20	208.2	68.5	70
23.34	790	25	105.7	55.4	80
28.15	500	30	57.9	38	90
<b>Average Torque</b>			<b>476.9</b>	<b>165.1</b>	
<b>Torque ratio (CCE/conventional) = 2.9</b>					

### Disclaimer

The inclusion of the report in the Prospectus should not be viewed as an endorsement by Leap Pty Ltd.



**Jindong Yang, PhD (Mech)**  
*Technical Director*  
 LEAP Pty Ltd



**CULLEN & CO.**  
— Patent & Trade Mark Attorneys —

5 August 2005

The Directors  
Revetec Holdings Limited  
C/- Chan Lawyers  
PO Box 8203  
Gold Coast Mail Centre QLD 9726

Dear Sirs,

**Re: Report on Patent Applications and Patents in the name of Revolution Engine Technologies Pty Ltd**

This report has been prepared for inclusion in a Prospectus to be issued in or about September 2005 by Revetec Holdings Limited for the issue to members of the general public.

We are the patent attorneys who have acted for the Revetec Group of Companies in the filing of patent applications listed in the annexure to this report, and in the processing of other applications which have issued as the patents listed in the annexure. We understand that rights in and to the applications and patents are being assigned to Revetec Holdings Limited.

We have examined the files for each of the applications and patents listed in the annexure and the documents making up the files.

Brief comments on the applications and patents follow.

- (a) We have verified that the status of each application and patent is as given in the annexure.
- (b) We have verified that Revolution Engine Technologies Pty Ltd (hereafter "RET") has proper entitlement to each of the applications and patents listed in the annexure and to the priority documents to the applications and patents. The priority documents are:

Australian Provisional Patent Application No. PN4206 which was filed 18 July 1995; and

Australian Provisional Patent Application No. PN6258 which was filed 30 October 1995.

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\* Patent and Trade Mark Attorney - Australia and New Zealand † Legal Practitioner \* Partner † Associate  
■ Registered Trade Mark Attorney

- 2 -

Revetec Holdings Limited

5 August 2005

- (c) We are not aware of any document having a publication date earlier than the earliest priority date (18 July 1995) of the RET applications and patents that will prevent acceptance of the applications that are under examination with claims that are the same as the claims of the issued patents.
- (d) In view of the acceptance of applications in all but Canada and Japan, we do not expect any difficulties in gaining acceptance of the applications that are under examination.

Investors should also take into account the following:

- (i) The granting of a patent does not necessarily mean that it is valid.
- (ii) Prior to the grant of a patent, action for infringement of the patent cannot be pursued.
- (iii) Patent applications can be opposed and may be subject to amendment or other restrictions resulting from the opposition process.
- (iv) After grant, the validity of a patent may still be challenged, and if the challenge is successful, the patent may be revoked wholly or in part.
- (v) As patent rights have only been obtained in the countries listed in the annexure, and can only be obtained in the two additional countries where applications are pending, the subject invention can be freely exploited in all other countries.
- (vi) The grant of a patent does not necessarily mean that the invention will be a technical or commercial success.
- (vii) The maintenance of patent rights is dependent on the payment of fees which in most instances must be paid annually.

To the best of our knowledge and belief, the preceding comments on documents comprising the Cullen & Co. files do not contain any statement or matter that is false in a material particular or is materially misleading in the form or context in which it appears.

Yours faithfully,  
**CULLEN & CO.**



BS

Enc. Annexure

**ANNEXURE TO CULLEN & CO. REPORT  
DATED 5 AUGUST 2005**

**PATENTS AND APPLICATIONS IN THE NAME OF  
REVOLUTION ENGINE TECHNOLOGIES PTY LTD**

<b>Country</b>	<b>Number</b>	<b>Status</b>	<b>Patent Expiry Date<sup>1</sup></b>
Australia	693714	Patent granted and in force	17 July 2016
Canada	2261596	Under examination	-
China	ZL96195549.X	Patent granted and in force	17 July 2016
Denmark	0839266	Patent granted and in force	17 July 2016
France	0839266	Patent granted and in force	17 July 2016
Germany	0839266	Patent granted and in force	17 July 2016
Hong Kong	HK1015434	Patent granted and in force	17 July 2016
Iran	29040	Patent granted and in force	17 July 2016
Ireland	0839266	Patent granted and in force	17 July 2016
Italy	0839266	Under restoration <sup>2</sup>	17 July 2016
Japan	Hei 9-506089	Under examination	-
Netherlands	0839266	Patent granted and in force	17 July 2016
New Zealand	312052	Patent granted and in force	17 July 2016
Russia	2161712	Patent granted and in force	17 July 2016
Singapore	51300	Patent granted and in force	17 July 2016
South Korea	0476362	Patent granted and in force	17 July 2016
Spain	0839266	Under restoration <sup>2</sup>	17 July 2016
Sweden	0839266	Patent granted and in force	17 July 2016
United Kingdom	0839266	Patent granted and in force	17 July 2016
United States	5992356	Patent granted and in force	17 July 2016
Vietnam	3358	Patent granted and in force	17 July 2016

**Notes**

- Maintenance fees must be paid for each patent to remain in force until the indicated expiry date.
- Initial refusals to reinstate validations of European Patent No. 0839266 have been appealed. The reinstatements were necessary since validations were made after the deadline.

## 10.1 Introduction

This section provides historical and pro forma historical financial information for Revetec Holdings Limited, and should be read in conjunction with the:

- Investigating Accountant's Report set out in section 11; and
- Independent Expert Report in respect of the technology set out in section 8.

Revetec Holdings Limited was incorporated on 4 August 2005 to acquire from Revetec Limited the business assets, including the intellectual property relating to the CCE design and related patents (collectively referred to as "CCE technology"), and the assignment of employee liabilities. On 10 August 2005 a contract was entered into for Revetec Holdings Limited to acquire the CCE technology from Revetec Limited. This contract was settled on 14 September 2005. The consideration paid to acquire the CCE Technology was \$203,000 which is to be paid within 10 years. The acquisition includes plant and equipment, intangible assets and employee liabilities of Revetec Limited.

Revetec Holdings Limited, since incorporation on 4 August 2005, has not derived any income, incurred any expenses or had cash flows with the exception of cash of \$1 received from the issue of 1 founder share.

The principal activities of Revetec Holdings Limited will be:

- the continued research and development of the CCE technology and engines;
- protection of the intellectual property including patent applications;
- business development including licensing arrangements; and
- commercialisation of the CCE technology.

The principal activities of Revetec Holdings Limited will be similar to the principal activities of Revetec Limited. As such, it is necessary to provide historical financial information of Revetec Limited in this Prospectus.

The financial information set out in this section includes:

- reviewed consolidated pro forma statements of financial performance and cash flows of Revetec Holdings Limited for the years ended 30 June 2003, 2004 and 2005;
- audited historical balance sheet of Revetec Holdings Limited at 31 August 2005; and

- reviewed pro forma consolidated balance sheets of Revetec Holdings Limited at 31 August 2005 assuming the public fundraising and other transactions contemplated in this Prospectus had occurred at that date.

The pro forma information on the statements of financial performance and cash flows represents the adjusted pro forma trading results of Revetec Holdings Limited as if the acquisition outlined above had occurred at 1 July 2002. The historical pro forma information represents the revenue derived and costs incurred, including:

- research and development costs and development of prototype engines;
- overheads;
- business development for commercialisation of the CCE technology; and
- patent applications and protection.

## 10.2 Basis of preparation of financial information

The pro forma historical financial performance and cash flow information are based on the audited historical statements of financial performance and statements of cash flows of Revetec Limited which have been adjusted to recognise generally accepted accounting principles under Australian Accounting Standards (AGAAP) as they applied for financial reports prepared for those years prior to the introduction of Australian equivalents to IFRS ("AIFRS") and to adjust the historical financial performance and cash flows to reflect the proposed operations and activities of the business that will be conducted by Revetec Holdings Limited. The significant AGAAP accounting policies are set out in section 10.3.3.

Section 10.8 details a reconciliation of the pro forma financial performance for the year ended 30 June 2005, from AGAAP to AIFRS.

The specific nature of the adjustments from AGAAP to AIFRS are provided in section 10.8 of this Prospectus.

Adjustments have not been made to the historical results to reflect the additional costs of operating as an ASX listed company.

The reviewed pro forma historical statements of financial performance and cash flows exclude depreciation, amortisation charges, interest revenue, borrowing costs, income tax and cash flows from financing activities,

as Revetec Holdings Limited will be operating under a different capital structure subsequent to successful completion of the Offer.

The balance sheets set out in section 10.4.1 of the Prospectus have been prepared under Australian Accounting Standards for financial reporting periods beginning on or after 1 January 2005 as adopted by the AAS and the accounting policies outlined in section 10.4.3, being Australian equivalents to IFRS ("AIFRS"), and reflect:

- audited historical balance sheet of Revetec Holdings Limited at 31 August 2005; and
- reviewed pro forma consolidated balance sheets of Revetec Holdings Limited at 31 August 2005 reflecting the completion of the acquisition of the CCE technology, restructure and the successful completion of this Prospectus with:
  - minimum subscription being raised; and
  - maximum subscription being raised.

#### **Going concern**

The balance sheets of Revetec Holdings Limited have been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 31 August 2005 the company has minimum cash reserves and needs to raise additional funds under this Prospectus to achieve its stated business objectives. The Directors consider they will be successful in raising additional funds to achieve its business objectives. The company has also received letters of financial support from its Directors to enable ongoing key operations to continue and to enable the company to meet all of its debts in the normal course of business as and when they fall due, and to make available when required, sufficient funds to enable the payment of any liabilities. If such funding is required from the Directors, the Directors reserve the right to curtail any operation as they see fit to reduce costs and expenditure.

The Directors consider they will be successful in raising additional funds to achieve the company's business objectives, and/or financial support will be provided by the Directors to enable debts to be paid as and when they fall due. Accordingly, the Directors are of the opinion that the going concern basis is appropriate for the preparation of the balance sheets disclosed in this Prospectus.

If the company is unable to raise the required additional funds and the Directors are unable to provide the necessary financial support, the company may not continue as a going concern and may not realise its assets and settle its liabilities in the normal course of business at the amounts stated. Revetec Limited has incurred the costs to date in respect of this Prospectus and will be reimbursed the costs together with interest at 8% per annum should the minimum funds be raised under the Offer.

### 10.3 Pro forma historical financial performance and cash flows

Sections 10.3.1 and 10.3.2 below outline the:

- reviewed consolidated pro forma statements of financial performance of Revetec Holdings Limited for the years ended 30 June 2003, 2004 and 2005 ("pro forma historical financial performance"); and
- reviewed consolidated pro forma statements of cash flows of Revetec Holdings Limited for the years ended 30 June 2003, 2004 and 2005 ("pro forma historical cashflows").

### 10.3.1 Pro forma historical statements of financial performance

	Reviewed Pro forma consolidated 30 June 2003 \$	Reviewed Pro forma consolidated 30 June 2004 \$	Reviewed Pro forma consolidated 30 June 2005 \$
<b>Other revenue</b>	3,968	36	4,640
<b>Total Revenue</b>	3,968	36	4,640
Employee expenses	229,726	142,115	45,697
Research and development expense	549,342	612,144	837,173
<b>Other expenses:</b>			
Travel	39,635	-	149,921
Director's fees	-	5,209	165,297
Management fees	-	13,650	73,577
Professional fees	38,798	26,490	369,490
Advertising and promotion	20,561	6,481	44,809
Other	7,785	10,490	59,437
<b>Pro forma EBITDA</b>	<b>(881,879)</b>	<b>(816,543)</b>	<b>(1,740,761)</b>

The pro forma EBITDA excludes income tax benefits relating to research and development costs as follows:

- Year ended 30 June 2004 \$18,197
- Year ended 30 June 2005 \$280,400

The historical pro forma financial performance for the 3 years ended 30 June 2005 reflect:

- limited revenue as no licensee fees or other income has been derived from commercial agreements;
- continued research and development costs of the intellectual property;
- the development of technology to enable performing testing criteria on a working prototype;
- costs relating to registration of patents to protect the intellectual property;
- establishment of commercialisation arrangements; and
- operating costs as an unlisted public company.

**Pro forma adjustments**

The historical financial performance for the years ended 30 June 2003, 2004 and 2005, has been adjusted to exclude transactions which are not comparable with the expected future operations of Revetec Holdings Limited and to apply generally accepted accounting principles. These adjustments are summarised below:

	Reviewed Pro forma consolidated 30 June 2003 \$	Reviewed Pro forma consolidated 30 June 2004 \$	Reviewed Pro forma consolidated 30 June 2005 \$
EBITDA loss before pro forma adjustments	(832,150)	(7,039,430)	(1,740,761)
<i>Pro forma adjustments:</i>			
1) Write off of capitalised intangibles, patents and trademarks, and research & development assets	(49,729)	5,795,837	-
2) Provision for diminution of investment and loss on sale of shares	-	427,050	-
<b>Pro forma EBITDA</b>	<b>(881,879)</b>	<b>(816,543)</b>	<b>(1,740,761)</b>

The pro forma adjustments relate to the following:

*1) Write off of capitalised intangibles, patents and trademarks, and research and development assets*

Under AASB 1011 Accounting for research and development costs capitalisation of development costs is not permitted where recoverability of intangible and other assets is not virtually certain. The stage of development of intellectual property at 30 June 2003, 2004 and 2005 did not enable forecast profits or cashflows to be estimated with any certainty. Consequently, adjustments have been made to reflect the expensing of these costs in the appropriate periods.

For the year ended 30 June 2003, the pro forma adjustment relates to costs previously capitalised for patents and trademarks in the year, which have been expensed in the pro forma adjustments.

In the year ended 30 June 2004, the acquisition costs of the technology research and development costs and other amounts, which had previously been capitalised as assets, were expensed on the basis that the recoverability of the assets was uncertain. As not all of that expense related to the year ended 30 June 2004, a pro forma adjustment has been made to exclude expenses of \$5,795,837 which related to prior periods and should have been expensed in those prior periods.

*2) Provision for diminution of investment and loss on sale of Shares*

The provision for diminution of investment and loss on sale of Shares of \$427,050 relates to an investment which is not being acquired by Revetec Holdings Limited from Revetec Limited.

### 10.3.2 Pro forma historical statements of cashflows

The pro forma historical cash flows of Revetec Limited for the years ended 30 June 2003, 2004 and 2005, exclude income tax, interest received, borrowing costs, cash flows from financing activities and other adjustments consistent with the future operations of Revetec Holdings Limited, as Revetec Holdings Limited will be operating under a different capital structure subsequent to the successful completion of the Offer.

The following table sets out the reviewed consolidated pro forma historical cash flows for the years ended 30 June 2003, 2004 and 2005.

	Reviewed Pro forma consolidated 30 June 2003 \$	Reviewed Pro forma consolidated 30 June 2004 \$	Reviewed Pro forma consolidated 30 June 2005 \$
<b>Cash flows from operating activities</b>			
Cash receipts	3,316	36	1,467
Cash payments	(891,033)	(766,131)	(1,718,402)
<b>Net cash flows from operating activities</b>	<b>(887,717)</b>	<b>(766,095)</b>	<b>(1,716,935)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of PP&E	-	-	8,990
Payments for PP&E	(76,014)	(10,153)	(101,983)
<b>Net cash flows from investing activities</b>	<b>(76,014)</b>	<b>(10,153)</b>	<b>(92,993)</b>
<b>Net cash movement before financing activities</b>	<b>(963,731)</b>	<b>(776,248)</b>	<b>(1,809,928)</b>

The cash flows exclude cash receipts from income tax benefits relating to research and development costs as follows:

- Year ended 30 June 2004 \$18,197
- Year ended 30 June 2005 \$280,400

### 10.3.3 AGAAP accounting policies

A summary of the significant accounting policies adopted in the preparation of the pro forma historical statements of financial performance and cashflows included in sections 10.3.1 and 10.3.2 is outlined below:

#### (a) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

#### *Interest revenue*

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

#### *Research and development grants*

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as an income tax benefit. The income tax benefit is brought to account when received. Where a grant is received relating to research and development costs that have been deferred, the grant is deducted from the carrying amount of the deferred research and development costs.

#### (b) Acquisitions of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

#### *Research and development*

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is capitalised.

#### (c) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

## 10.4 Historical Balance Sheet and Pro forma Balance Sheets

This section outlines:

- Audited historical balance sheet of Revetec Holdings Limited at 31 August 2005 ("historical balance sheet"); and
- Reviewed pro forma consolidated balance sheets of Revetec Holdings Limited at 31 August 2005 ("pro forma historical balance sheets"), assuming the public fundraising and other transactions contemplated in Section 10.4.2 of this Prospectus had occurred at that date.

## 10.4.1 Historical and Pro Forma Balance Sheets

	Notes	Historical audited 31 August 2005	Pro forma consolidated 31 August 2005	Pro forma consolidated 31 August 2005
			Maximum	Minimum
<b>CURRENT ASSETS</b>				
Cash	10.4.4	\$ 1	\$ 8,940,000	\$ 1,940,000
<b>TOTAL CURRENT ASSETS</b>		1	8,940,000	1,940,000
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment		-	243,135	243,135
<b>TOTAL NON CURRENT ASSETS</b>		-	243,135	243,135
<b>TOTAL ASSETS</b>		1	9,183,135	2,183,135
<b>CURRENT LIABILITIES</b>				
Accounts payable		-	-	-
Provisions		-	40,135	40,135
<b>TOTAL CURRENT LIABILITIES</b>		-	40,135	40,135
<b>NON CURRENT LIABILITIES</b>				
Loan Revetec Limited	10.4.5	-	203,000	203,000
<b>TOTAL NON CURRENT LIABILITIES</b>		-	203,000	203,000
<b>TOTAL LIABILITIES</b>		-	243,135	243,135
<b>NET ASSETS</b>		1	8,940,000	1,940,000
<b>SHAREHOLDERS' EQUITY</b>				
Contributed equity	10.4.6	1	8,940,000	1,940,000
Retained profits		-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		1	8,940,000	1,940,000

The balance sheets are to be read in conjunction with the accompanying notes set out in sections 10.4.2 to 10.4.6.

The historical financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the *Corporations Act 2001* ("Corporations Act"). The basis of preparation of the balance sheet is outlined in 10.4.3.

### 10.4.2 Pro forma adjustments in deriving the pro forma balance sheets

The pro forma consolidated balance sheets are based on the audited balance sheet of Revetec Holdings Limited at 31 August 2005, adjusted to reflect the following transactions had they occurred at that date.

- Transfer of Revetec Limited's assets and assignment of selected liabilities to Revetec Holdings Limited as follows:

	\$
Investment – Revetec International Pty Ltd	1
Revolution Engines Technologies Pty Ltd	1
Property, plant and equipment	243,135
Provision for employee entitlements	(40,137)
<b>Net assets acquired</b>	<b>203,000</b>

The net assets acquired represent fair market value as determined by the Directors based on an independent valuation, and will result in a liability to Revetec Limited.

- The issue of a maximum 9,090,909 Shares under this Prospectus raising cash funds of \$10,000,000.
- The issue of a minimum 2,272,727 Shares under this Prospectus raising cash funds of \$2,500,000.
- Total costs of the issue estimated to be a maximum of \$1,060,000 and minimum of \$560,000 being deducted from issued capital.

The pro forma balance sheets have been prepared in accordance with the accounting policies of Revetec Holdings Limited set out in section 10.4.3.

### 10.4.3 Notes to the Historical and Pro forma Balance Sheets

A summary of the significant accounting policies adopted in the preparation of the historical and pro forma balance sheets of Revetec Holdings Limited included in section 10.4.1 is outlined below.

#### (a) Basis of preparation

The historical financial information is a special purpose financial report which has been prepared in accordance with generally accepted accounting principles, as applied in Australia for the purposes of inclusion in a Prospectus.

The financial information is prepared under Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS").

The financial information is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale, biological assets and investment property.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

#### (b) Going concern

The financial information has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

Revetec Limited has incurred the costs to date in respect of this Prospectus and will be reimbursed the costs together with interest at 8% per annum, should the minimum funds be raised under the Offer.

At 31 August 2005 the company has minimum cash reserves and needs to raise additional funds under this Prospectus to achieve its stated business objectives. The Directors consider they will be successful in raising additional funds to achieve its business objectives. The company has received letters of financial support from its Directors to enable ongoing key operations to continue and to enable the company to meet all of its debts in the normal course of business as and when they fall due, and to make available when required, sufficient funds to enable the payment of any liabilities. If such funding is required from the Directors, the Directors reserve the right to curtail any operation as they see fit to reduce cost and expenditure.

### (c) Property, plant and equipment

#### *Owned assets*

Items of property, plant and equipment are stated at cost as deemed cost less accumulated depreciation and impairment losses.

#### *Depreciation*

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current period are as follows:

- Buildings 15 years
- plant and equipment 4 years
- fixtures and fittings 4 years
- motor vehicles 5 years

The residual value, if not insignificant, is reassessed annually.

### (d) Intangible assets

#### *Goodwill*

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

#### *Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the production process is technically and commercially feasible and the consolidated company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion

of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

#### *Other intangible assets*

Other intangible assets that are acquired by the consolidated company are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

#### *Subsequent expenditure*

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

### (e) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- patents and trademarks 10 - 20 years
- capitalised development costs 5 - 7 years

### (f) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

**(g) Employee benefits***Wages salaries annual leave sick leave and non-monetary benefits*

Liabilities for employee benefits for wages, salaries, annual leave, and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars ad free or subsidised goods and services, are expensed based on the net marginal cost to the company as the benefits are taken by the employees.

*Long-term service benefits*

The consolidated company's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating to the terms of the consolidated company's obligations.

	Historical audited 31 August 2005	Pro forma consolidated 31 August 2005	Pro forma consolidated 31 August 2005
		Maximum	Minimum
	\$	\$	\$
<b>10.4.4 Cash</b>			
Cash	-	8,940,000	1,940,000
Balance 31 August 2005	1	1	1
Less redemption founder share	-	(1)	(1)
Prospectus funds raised	-	10,000,000	2,500,000
Less share issue costs	-	(1,060,000)	(560,000)
	1	8,940,000	1,940,000
<b>10.4.5 Loan Revetec Limited</b>			
Loan Revetec Limited	-	203,000	203,000

The loan from Revetec Limited relates to the acquisition of the assets of Revetec Limited and the assignment of employee entitlements. The interest on the loan is 8% per annum and is repayable within 10 years.

<b>10.4.6 Share Capital</b>			
Founder share fully paid	1	-	-
Ordinary shares fully paid	-	10,000,000	2,500,000
Less share issue costs	-	(1,060,000)	(560,000)
	1	8,940,000	1,940,000
	<b>No.</b>	<b>No.</b>	<b>No.</b>
<i>Founder share</i>			
Opening balance 31 August 2005	1	1	1
Less redemption	-	(1)	(1)
Balance at end of period	1	-	-
<i>Ordinary shares</i>			
	<b>No.</b>	<b>No.</b>	<b>No.</b>
Opening	1	190,887,848	190,887,848
Shares issued			
Prospectus share issue	-	9,090,909	2,272,727
<b>Balance at end of period</b>	<b>1</b>	<b>199,978,757</b>	<b>193,160,575</b>

The tax benefit of share issue costs has not been brought to account in the reduction of the share issue costs in the balance sheet, as the realisation of the benefit is not probable.

#### *Terms and conditions*

Holders of ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

## 10.5 Application from funds raised under the Prospectus

The proceeds from funds raised under the Prospectus are planned to be applied in the following manner:

	Maximum \$	Minimum \$
Share issue costs	1,060,000	560,000
Research & development costs	4,600,000	1,500,000
Working capital	4,340,000	440,000
<b>Total</b>	<b>10,000,000</b>	<b>2,500,000</b>

The working capital will be applied primarily to fund the operating costs of Revetec Holdings in the following areas:

- business development
- patent applications and protection; and
- overheads.

No forecasts representing best estimates of costs have been prepared in respect of the operating costs of Revetec Holdings Limited for the coming 12 months.

The planned application of the funds for research and development reflects the current intention of the Directors to pursue the research and development of the CCE technology as outlined in Sections 4.4 and 4.5.

The current intention of the Directors is to apply funds over the coming 12 months to the following research and development programmes, including the development of prototype engines.

	Maximum \$	Minimum \$
Total cash funds available	8,940,000	1,940,000
Petrol engine	2,500,000	1,000,000
Diesel engines	1,500,000	400,000
JP8 fuel engines	500,000	100,000
Small engines and pumps	100,000	-
<b>Total</b>	<b>4,600,000</b>	<b>1,500,000</b>

The ultimate application of the funds for research and development will be determined after the preparation of detailed research and development programmes and after consideration of:

- Available cash funds of Revetec Holdings
- Prioritisation of development of the CCE design technology based on fuel types and applications after consideration of:
  - research and development risks
  - royalty potential per unit
  - revenue potential to Revetec
  - a compelling case, or alternatively barriers to entry, of the CCE technology in fuel types and/or applications
- Revetec's ability to enter into agreements with licensees to carry out any research and development of the core CCE design technology that is necessary to adapt the CCE design to the licensee's specific application.

## 10.6 Net assets per share

A summary of the net asset backing per share based on the pro forma balance sheets are as follows:

	Maximum		Minimum	
	Net Assets	Net Tangible Assets	Net Assets	Net Tangible Assets
Pro forma	\$8,940,000	\$8,940,000	\$1,940,000	\$1,940,000
No. of issued Shares upon completion	199,978,757	199,978,757	193,160,575	193,160,575
Net asset/tangible asset backing per Share	\$0.0447	\$0.0447	\$0.0100	\$0.0100

There are nil intangible assets recorded in the pro forma balance sheets at 31 August 2005.

## 10.7 Dividends

The ability of Revetec Holdings Limited to pay dividends will be dependant upon the company achieving profitability.

In determining the appropriate dividend policy in the future, the Directors will take into account various factors affecting Revetec including the level of any earnings, the amount of income tax paid, the financial position of Revetec Holdings and future operating conditions.

## 10.8 Implications of International Financial Reporting Standards

### General

The Financial Reporting Council has endorsed the adoption of IFRS, as issued by the Australian Accounting Standards Board (AASB), by all Australian reporting entities for reporting periods commencing on or after 1 January 2005.

### Revetec Holdings Limited – Historical and pro forma balance sheets at 31 Aug 2005

Revetec Holdings Limited is required to present its financial statements in accordance with the Australian equivalents of IFRS ("AIFRS") for all reporting periods commencing on or after 1 January 2005, including the interim financial report for the period 4 August 2005 to 31 December 2005 and the annual financial report for the period 4 August 2005 to 30 June 2006.

The historical and pro forma balance sheets for Revetec Holdings Limited have been prepared in accordance with AIFRS.

### Pro forma historical financial performance

The pro forma historical statements of financial performance included in section 10.3.1 of this Prospectus has been prepared in accordance with Australian Accounting Standards applicable for reporting periods that commenced prior to 1 January 2005 ("AGAAP"). The significant accounting policies are included in section 10.3.3 of this Prospectus.

The Directors have determined that there are no differences between AGAAP and AIFRS which would materially impact the pro forma statement of financial performance of Revetec for the year ended 30 June 2005 included in section 10.3.1 of this Prospectus.

In reaching this determination the Directors have not considered AASB 132 or AASB 139, the standards relating to Financial Instruments, as those standards are not applicable to Revetec for the year ended 30 June 2005.

### Potential implications, and accounting policies of Revetec Holdings Limited

The key potential implications of the conversion to AIFRS, as they relate to the pro forma statements of financial performance included in Section 10.3.1, are outlined below. Revetec Holdings Limited's accounting policies are consistent with the requirements of AIFRS.

<b>Income Tax</b>	Income tax is calculated based on the "balance sheet" approach, which recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base. It is expected that similar levels of deferred tax assets and liabilities, and, as tax effects follow the treatment of the underlying transaction, some tax effects will be recognised in equity.
<b>Impairment of assets</b>	<p>At least at every reporting date, an assessment needs to be made of whether there is evidence that impairment exists for an asset. If there is evidence of impairment, management must assess the level of impairment so that the asset can be written down to its recoverable amount.</p> <p>To comply with AASB 136, assets need to be evaluated as follows:</p> <ul style="list-style-type: none"> <li>• Assess each cash generating unit to assess whether an asset is impaired;</li> <li>• Assess the higher of value in use (discounted cashflow) or net selling price (current value less disposal costs);</li> <li>• Comply with specific rules on what cashflows can be used; and</li> <li>• Determine appropriate pre-tax discount rates.</li> </ul>
<b>Development costs</b>	Under AASB 138 all research costs are required to be expensed as incurred and development costs meeting the recognition criteria are capitalised. Also, with the exception of development costs, all internally generated intangibles must be expensed as incurred. If the two phases of research and development cannot be distinguished, all costs must be expensed.
<b>Accounting for financial instruments</b>	Financial assets and liabilities which are currently recorded at face value, but which are not always settled within a short timeframe, are recorded at fair value for AIFRS, with the discounts unwound as interest income or interest expense.

The above discussion reflects the current interpretations of AIFRS, as at September 2005, that are expected to apply to Revetec Limited from 1 July 2004 in determining the restated AIFRS statement of financial performance for the year ended 30 June 2005.

The AIFRS and related interpretations may change subsequent to the issue of this Prospectus. The regulatory bodies that promulgate AGAAP and AIFRS have significant ongoing projects that could affect the differences between AGAAP and AIFRS described in this section and the impact of these differences may be material. Accordingly, there can be no assurances provided that the financial information as disclosed in this Prospectus would not be materially different in accordance with changes in AIFRS.


**KPMG Transaction Services (Australia) Pty Limited**

Licensed Securities Dealer No. 15791

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The Directors  
Revetec Holdings Limited  
PO Box 8203  
Gold Coast Mail Centre QLD 9726

**19 September 2005**

Dear Sirs,

## Investigating Accountant's Report

### Introduction

KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services") has been engaged by Revetec Holdings Limited ("Revetec Holdings") to prepare this report for inclusion in the Prospectus to be dated on or about 20 September 2005, and to be issued by Revetec Holdings, in respect of the proposed minimum issue of 2,272,727 Shares and maximum issue of 9,090,909 Shares in Revetec Holdings at \$1.10 per share.

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

### Financial information

KPMG Transaction Services has been requested to prepare a report covering the pro forma historical and historical financial information described below and disclosed in the Prospectus.

### Historical financial information

The historical financial information, as set out in section 10.4 of the Prospectus, comprises the audited balance sheet of Revetec Holdings at 31 August 2005 ("historical financial information") and has been extracted from the audited financial statements of Revetec Holdings Limited at 31 August 2005.

The financial statements of Revetec Holdings for the period since incorporation on 4 August 2005 to 31 August 2005 were audited by KPMG. The audit opinion issued to the members of Revetec Holdings relating to these financial statements was unqualified.

### Pro forma historical financial information

The pro forma historical financial information, as set out in sections 10.3 and 10.4 of the Prospectus, comprises the reviewed:

- Consolidated pro forma statements of financial performance and cashflows of Revetec Holdings Limited for the years ended 30 June 2003, 2004 and 2005; and

- Consolidated pro forma balance sheets of Revetec Holdings at 31 August 2005 assuming the transactions contemplated in section 10.4.2 of this Prospectus had occurred at that date; (collectively "pro forma historical financial information").

The pro forma historical financial information set out in sections 10.3 and 10.4 of the Prospectus has been derived from the:

- audited historical financial information of Revetec Limited for the years ended 30 June 2003, 2004 and 2005, after adjusting for the pro forma transactions and/or adjustments described in section 10.3.1 of the Prospectus; and
- audited historical financial information of Revetec Holdings Limited at 31 August 2005.

The pro forma historical financial information set out in section 10.4.1 of the Prospectus has been derived from the historical financial information after adjusting for the pro forma transactions and/or adjustments described in section 10.4.2 of the Prospectus.

KPMG audited the financial statements for the years ended 30 June 2004 and 2005. The audit opinions issued to the members of Revetec Limited relating to these financial statements were unqualified. The financial statements of Revetec Limited for the year ended 30 June 2003 were not audited by KPMG.

The financial statements of Revetec Limited for the year ended 30 June 2004 included an adjustment to correct a fundamental error from the financial statements of prior periods in respect of acquisition costs of the technology, research and development costs and other amounts incorrectly capitalised as assets in those prior periods. Those costs were written off in the year ended 30 June 2004.

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

The Directors of Revetec Holdings are responsible for the preparation and presentation of the pro forma historical and historical financial information.

### Scope

#### Historical financial information

We have reviewed the historical financial information in order to report whether anything has come to our attention, which causes us to believe that the historical financial information, as set out in section 10.4 of the Prospectus, has not been

presented fairly in accordance with the recognition and measurement principles prescribed in Australian equivalents of International Financial Reporting Standards ("AIFRS") and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Revetec Holdings disclosed in section 10.4.3 of the Prospectus.

### Pro forma historical financial information

We have reviewed the pro forma historical financial information in order to report whether anything has come to our attention, which causes us to believe that:

- the pro forma statements of financial performance and cash flows, as set out in section 10.3 of the Prospectus, have not been presented fairly;
- in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards applicable to financial reporting periods commencing prior to 1 January 2005 ("AGAAP") and other mandatory professional reporting requirements in Australia, and accounting policies outlined in section 10.3.3 of the Prospectus; and
- on the basis of the pro forma adjustments set out in section 10.3.1 of the Prospectus; or
- the pro forma balance sheets, as set out in section 10.4 of the Prospectus, have not been presented fairly;
- in accordance with the recognition and measurement principles prescribed in Australian equivalents of International Financial Reporting Standards ("AIFRS") and other mandatory professional reporting requirements in Australia, and accounting policies outlined in section 10.4.3 of the Prospectus; and
- on the basis of the pro forma adjustments described in section 10.4.2 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- analytical procedures on the pro forma historical and historical financial information;
- a review of the pro forma transactions and/or adjustments made to the historical financial information;
- a review of work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in AGAAP and AIFRS respectively and other mandatory professional reporting requirements in Australia, and for the historical financial information the accounting policies adopted by Revetec Holdings Limited disclosed in section 10.4.3 of the Prospectus; and
- enquiry of Directors, management and others.

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

### Review statement

#### Historical financial information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the historical financial information, as set out in section 10.4 of the Prospectus, has not been presented fairly in accordance with the recognition and measurement principles prescribed in Australian equivalents of International Financial Reporting Standards ("AIFRS") and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Revetec Holdings disclosed in section 10.4.3 of the Prospectus.

#### Pro forma historical financial information

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

- the pro forma statements of financial performance and cash flows, as set out in section 10.3 of the Prospectus, have not been presented fairly;
- in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards applicable to financial reporting periods commencing prior to 1 January 2005 ("AGAAP") and other mandatory professional reporting requirements in Australia, and accounting policies outlined in section 10.3.3 of the Prospectus; and
- on the basis of the pro forma adjustments set out in section 10.3.1 of the Prospectus; or
- the pro forma balance sheets, as set out in section 10.4 of the Prospectus, have not been presented fairly;
- in accordance with the recognition and measurement principles prescribed in Australian equivalents of International Financial Reporting Standards ("AIFRS") and other mandatory professional reporting requirements in Australia, and accounting policies outlined in section 10.4.3 of the Prospectus; and
- on the basis of the pro forma adjustments described in section 10.4.2 of the Prospectus.

### Independence

KPMG does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Revetec Holdings, and from time to time, KPMG also provides Revetec Holdings with certain other professional services for which normal professional fees are received.

Yours faithfully,



**Paul Steer**

*Authorised signatory*

This section identifies what the Directors regard as the major risks associated with an investment in Revetec. You should read the whole of this Prospectus to fully appreciate such matters and the manner in which Revetec intends to operate before you make any decision to subscribe for Shares.

You should regard an investment in Revetec as a speculative investment.

## General risks

### 12.1 Share market

It is possible that the market will value Revetec Shares differently to the implied value of Revetec based upon the Issue Price. If this occurs, the price of the Shares following Official Quotation may decline. There is no definitive way in which to value the Shares of Revetec. Revetec does not currently have any earnings. Consequently, price / earnings ratios, multiples of maintainable earnings and discounted cashflow valuation methodologies are not suitable to value Revetec.

### 12.2 Trading

There are approximately 1,280 Shareholders in Revetec before the Offer. The weighted average holding price of Shares of current Shareholders (excluding Directors and their associates) is approximately 10 cents. The Issue Price represents a significant premium to the weighted average holding price of Shares of these current Shareholders. These Shareholders currently hold about 146 million Shares. If current Shareholders seek to sell their Shares following Official Quotation, the price of the Shares may decline if there are not sufficient buyers for those Shares at the price being offered. If there are a significant number of sellers and there are not adequate buyers, the decline in the Share price may be significant.

### 12.3 Doing business internationally

There are certain risks inherent in doing business on an international level. These include unexpected changes in regulatory requirements (including taxation), tariffs, customs, duties and other trade barriers, problems in collecting accounts receivable, political instability,

fluctuations in currency exchange, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and potentially adverse tax consequences. Any of these could adversely impact on the success of Revetec's international operations.

Companies doing business in foreign countries may be required to obtain operating licences in new and uncertain regulatory environments. Such licences could prove to be difficult to obtain and retain, depending on government policies, customers, changes in political leadership and other factors.

Fluctuations in the exchange rate between the A\$ and foreign currencies may affect Revetec's earnings.

Changes in interest rates, exchange rates, relevant taxation and other legal regimes and Government policies may adversely affect Revetec.

## Industry risks

### 12.4 Competitive position

There can be no assurance that other parties will not develop products that compete with Revetec or supersede products of Revetec.

Revetec's competitors in Australia and abroad are numerous and include, among others, major multinational companies. There can be no assurance that Revetec's competitors will not succeed in developing technologies and products that are more effective than any which have been, or are being, developed by Revetec.

The number of competitors and penetration of existing combustion engine technologies create significant barriers to entry for the adoption of the Technology.

### 12.5 Intellectual property protection

Revetec's success will depend, in part, on its ability to obtain adequate and valid patent protection, maintain trade secret protection and operate without infringing on the proprietary rights of third parties or having third parties circumvent Revetec's rights. No guarantee can be given that Revetec will successfully and validly obtain

such protection. If such patents are not granted, it may be possible for a third party to imitate or otherwise obtain and use Revetec's CCE technology without authorisation or to develop and use similar technology independently.

While Revetec believes it has taken appropriate steps to protect its proprietary technology, the law may not adequately protect it in all places Revetec does business, or enable Revetec's rights to be enforced adequately. There can be no assurance that the measures taken by Revetec have been, or will be, adequate to protect Revetec's proprietary technology.

Revetec will pursue vigorously both its existing and all future patent applications for Australian and foreign patents in relation to its CCE technology. Whilst the Directors believe that at least some of Revetec's patent applications should be successful, no guarantee can be given nor does the grant of a patent guarantee that the patent concerned is valid or that the patented technology does not infringe the rights of others.

The enforceability of a patent is dependent on a number of factors, which may vary between jurisdictions. These factors include the validity of the patent and the scope of protection it provides. The validity of a patent depends upon factors such as the novelty of the invention, the requirement in many jurisdictions that the invention not be obvious in light of the prior art (including any prior use or documentary disclosure of the invention), the utility of the invention and the extent to which the patent specification clearly discloses the best method of working or carrying out the invention. The legal interpretation of these requirements often varies between jurisdictions. The scope of rights provided by a patent can also differ between jurisdictions. There can be no assurance even if Revetec succeeds in obtaining the grant of patents, that others will not seek to imitate Revetec's CCE technology, and in doing so, attempt to design their products in such a way as to circumvent Revetec's patent rights. Additionally, the ability of the legal process to provide efficient and effective procedures for dealing with actual or suspected infringements can vary considerably between jurisdictions.

## 12.6 Regulatory

The use of engines developed from the CCE technology for specific applications may be subject to regulatory controls and approvals throughout the world. These

approvals may affect the cost and timing of commercially using the CCE design. There can be no assurance that Revetec will be able to obtain all of the approvals that it may need to commercially use the CCE design for all of its potential applications.

## *Company specific risks*

### 12.7 Licensing strategy

Revetec is dominantly an engine design company. Its dominant commercialisation strategy is to license its technology to engine users/producers. Revetec's prospects will therefore be dependent on the ability of its licensees to successfully adapt and incorporate the Technology into their engines. Revetec intends to adopt a non-exclusivity policy to limit its reliance on particular licensees, although negotiations with licensing partners may result in departures from this objective.

There is no guarantee that Revetec will be able to successfully conclude licence agreements with licence partners or that the terms of these licences will be consistent with Revetec's present licensing objectives.

There can also be no guarantee that Revetec's licensees will successfully exploit the Technology and generate royalty revenue for Revetec.

### 12.8 Research and development

The current CCE design prototype is a production ready 1.35 litre petrol engine. Further research and development is required to change the size of the engine or adapt it for use in different applications (such as motor vehicles, trikes, small pumps, generators, trucks and tractors etc) or for use with different fuels (such as diesel, gasoline etc). The amount of research and development necessary to adapt the CCE design to different applications and technologies varies considerably.

Revetec has only limited research and development capabilities. In the research and development processes, including technical issues and design and tooling, it is largely dependent on the ability to obtain appropriate and adequate expertise from outside of Revetec.

Revetec intends generally to seek to impose the research and development risk on its licensees and then work collaboratively with its licensees on that research and development. Revetec expects that if its licensees agree to carry the risk of research and development, that they will seek a financial return on the investment they make in this research and development. This is likely to reduce the financial return to Revetec compared to the return Revetec would have received if Revetec carried the research and development risk.

If Revetec or its licensees are not able to successfully undertake further research and development to adapt the Technology to other applications, or there are delays or cost overruns in conducting this research and development, this will have a material adverse effect on Revetec's prospects.

## 12.9 Industry targeting

Revetec's prospects and financial performance may be impacted by the priorities that Revetec ascribes to commercialising the Technology in different industries and different applications. If Revetec is unable to successfully conclude commercial arrangements and commercialise the Technology within its targeted industries and applications in a timely way, this may have a material adverse effect on Revetec.

## 12.10 Growth management

Revetec's anticipated growth may place a significant strain on its managerial, operational and financial resources. To manage its potential growth, Revetec must implement and improve its operational and financial systems and expand, train and manage its employee base. There can be no assurance that Revetec will be able to effectively manage the expansion of its operations, that Revetec's systems, procedures or controls will be adequate to support its operations or that Revetec's management will be able to achieve the rapid expansion necessary to fully exploit the market opportunity for the CCE design. Any inability to manage growth effectively could have a material adverse effect on Revetec's business, results of operations and financial condition.

## 12.11 Reliance on key personnel

Revetec's performance is substantially dependent on its senior management and key technical personnel to continue to develop Revetec's Technology. Revetec's success also depends substantially on the continued efforts of its senior management and small development team. The loss of the services of any of its executive officers or other employees could have a material adverse effect on Revetec's research and development capabilities, business operations and financial condition and ability to achieve its stated objectives.

Revetec's future success also depends on its continuing ability to attract and retain highly qualified technical and managerial personnel. Competition for such personnel can be intense and there can be no assurance that Revetec will be able to retain its key managerial and technical employees or that it will be able to attract and retain additional highly qualified technical and managerial personnel in the future. The inability to attract and retain the necessary technical and managerial personnel could have a material and adverse effect upon Revetec's business, results of operations and financial condition.

## 12.12 Reputation

The performance of Revetec's CCE technology is critical to its reputation and to its ability to achieve market acceptance of this technology. Any under performance or failure to adequately develop the CCE technology could have a material adverse effect on Revetec's business, results of operations and financial condition.

## 12.13 No valuation

No relevant formal or informal valuation has been completed of the CCE technology or Revetec. Revetec makes no representation as to the value of the CCE technology or Revetec. Prospective investors and their advisers should make their own assessment of these matters having regard to all of the matters contained in this Prospectus and their own personal circumstances.

## 12.14 Capital requirements

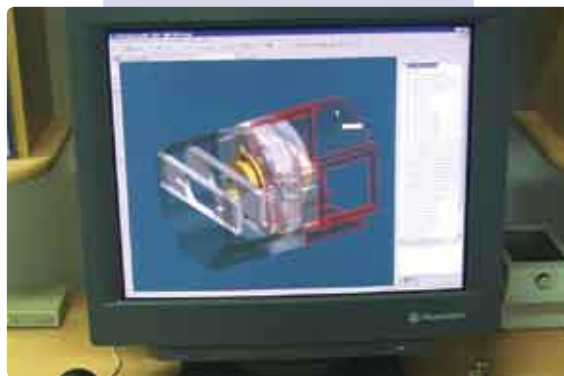
Revetec believes it will have sufficient funds after completion of the Offer to meet all of its growth and capital requirements for at least the next 24 months. However, Revetec may seek to exploit business opportunities of a kind which will require it to raise additional capital from equity or debt sources. There can be no assurance that Revetec will be able to raise such capital on favourable terms or at all. If Revetec is unable to obtain such additional capital, Revetec may be required to reduce the scope of its anticipated development, which could adversely affect its business, financial condition and results of operation.

## 12.15 Future profitability

There are numerous factors that will affect Revetec's future prospects and profitability, many of which are set out in this section. Accordingly, the extent of future profits, if any, and the time required to achieve sustained profitability is uncertain.

The above list of risk factors is not exhaustive of the risks faced by Revetec or by investors in Revetec. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Revetec and the value of the Shares.

Therefore, the Shares to be issued pursuant to the Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.



### 13.1 Board composition

The Directors of Revetec are:

- Bradley David-Howell Smith (Executive Chairperson)
- Charles C.K. Chan (Managing Director)
- Paul Moitzi (Executive Director)

The Directors consider that the current composition of the Board is appropriate given the size and stage of development of Revetec. The Directors anticipate appointing additional Directors with suitable expertise, which may include finance and business development, to further Revetec's strategy at an appropriate time.

The Directors intend to engage independent consultants with appropriate expertise and experience as required.

### 13.2 Details of Directors



**Bradley D Howell-Smith**

- Inventor of the CCE concept, designer and builder of the CCE prototype engines.
- 25 years experience in the Automotive Industry.
- Credit pass in Automotive Mechanical Engineering, certificate course



**Charles C K Chan**

- Principal of Chan Lawyers
- Director of Adcom Strategies Pty Ltd
- Has been in legal practice since 1976 and has extensive experience in Corporate; Commercial Law; Intellectual Property and Technology Law.
- Has been a director and solicitor for the Revetec Group of companies since the inception of the CCE design.



**Paul R Moitzi**

- 20 years experience in the Toolmaking Industry.
- Operated own business in design and manufacturing of Press Tools and special purpose machines for all types of industries.
- Extensive experience in implementation of new technology in the Tooling Industry.

## 13.3 Key personnel and alliances

### Patent Attorneys:

Cullen & Co  
 Patent and Trademark Attorneys  
 Level 12, 240 Queensland Street  
 Brisbane QLD 4000

### Company Solicitors:

Chan Lawyers  
 Suite 5, 2 Elliott Street  
 Bundall QLD 4217

### Consultancy Design Engineers:

Leap Pty Limited  
 Suite 5, Ground Floor  
 39 East Esplanade  
 Manly NSW 2095

### Engine Management Systems:

Haltech (Lockin Pty Limited)  
 10 Bay Road  
 Taren Point NSW 2229

## 13.4 Corporate governance

### Role of the Board

The Board is responsible for the direction and supervision of Revetec's business on behalf of Shareholders. This includes ensuring that internal control and reporting procedures are adequate and effective. The Directors recognise the need to maintain the highest standards of behaviour, ethics and accountability.

The primary functions of the Board include:

- overseeing the Group, including its control and accountability systems;
- appointing and removing the chief executive officer;
- monitoring the performance of the chief executive officer;
- appointing and removing the chief financial officer (if any) and company secretary;
- approving other senior executive appointments and organisational changes;
- approving succession plans for management;

- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- reporting to shareholders;
- providing strategic advice to management;
- approving management's corporate strategy and performance objectives;
- determining and financing dividend payments;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- reviewing and overseeing the implementation of the Group's employment policies and code of conduct for Directors and senior executives;
- approving charters of board committees; and
- monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies.

To assist in the execution of its responsibilities, the Board will establish a number of Board Committees including an Audit Committee. The Board will deal with all other functions of the Board as a whole. However, from time to time, the Board may determine to establish specific purpose sub-committees to deal with specific issues.

### Audit Committee

Audit Committee meetings will be held periodically throughout the year.

The Committee will comprise at least three members.

The Chairman of Revetec will not be the Chairman of the Audit Committee.

The main functions of the Audit Committee will be to:

- assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate and in accordance with all statutory reporting requirements;
- ensure financial information provided to the Board and Shareholders is accurate and reliable;
- review the scope and results of internal, external and compliance audits;

- maintain open lines of communication between the Board and external auditors and Revetec's compliance officers;
- review annually the relationship between the external auditor and Revetec to ensure auditor independence is maintained;
- review and report to the Board on the annual report and financial statements;
- regularly review its own performance, processes and composition;
- assess the adequacy of Revetec's internal controls and make informed decisions regarding compliance policies, practices and disclosures; and
- nominate the external auditors.

### Ethical Standards

All Directors, managers and employees are expected to act with integrity and honesty at all times including in their dealings with each other, competitors, customers, suppliers, Revetec and the community.

Revetec has developed a code of conduct for Directors and senior executives. This code sets out the standards within which Directors and senior executives are expected to act.

The Board has developed a specific share trading policy applying to Directors, officers and senior management which establishes controls over dealings in Revetec's securities by these persons. A person to whom this policy applies may:

- deal in Revetec's securities in the 30 days after Revetec issues its half year and full year results and the annual general meeting, on giving notice to Revetec;
- not deal in Revetec's securities between the end of the half year and full year and the announcement of results for that period, other than a sale of securities in exceptional circumstances that Revetec approves; and
- may deal in Revetec's securities at other times only with the consent of Revetec.

A person's right to deal in Revetec's securities is unequivocally subject to their not being in possession of any inside information.

Independent professional advice and access to Company information.

Each Director has the right of access to all relevant Company information and to Revetec senior management and, subject to prior consultation with and approval by the Chairman of the Board, may seek independent professional advice at Revetec's expense.

### Continuous Disclosure

Revetec has a policy that all Shareholders and investors have equal access to Revetec's information and procedures to ensure all price sensitive information is disclosed to ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. All information provided to the ASX will be immediately posted on Revetec's website. In addition:

- a comprehensive process will be in place to identify matters that may have a material impact on the price of Revetec's Shares and for appropriate notification to be made to ASX; and
- the Company Secretary will be responsible for all communications with ASX.

### Communication with Shareholders

The Board of Directors aim to ensure that Shareholders are informed of all major developments affecting Revetec in a timely fashion. Information will be communicated in a variety of ways as follows:

the full Annual Report will be distributed to Shareholders (unless there is a specific request not to do so);

- a half-yearly report containing summarized financial information and a review of operations will be lodged with both ASIC and ASX;
- notices of all Shareholder meetings will be provided to all Shareholders; and
- all documents released publicly will be made available on Revetec's website.

The Directors consider that certain contracts are significant or material to Revetec or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Shares (Material Contracts).

The main provisions of the Material Contracts are summarised below.

## 14.1 Material contracts – Corporate

### Director Protection Deed

Revetec has entered into a Director Protection Deed with each of its Directors. Under the Director Protection Deed, Revetec is required to:

- indemnify the Directors, to the maximum extent permitted by law, against any liability incurred by the Directors while they are an officer of Revetec and when they cease being an officer of Revetec; and
- insure a director against certain liabilities (unless the Board reasonably considers that incurring the costs of the insurance is not in the best interests of Revetec).

### Employee share option plan

The Board of Directors has adopted an employee share option Plan (Plan). A summary of the key terms of the Plan is set out in paragraph 15.7.

## 14.2 Material contracts – Operational

### Exclusive representation agreement with Pushkaraj Enterprises

Revetec entered into a ten year exclusive representation agreement with Pushkaraj Enterprises (Pushkaraj) in January 2005. Pushkaraj is Revetec's exclusive representative in India. Pushkaraj's role is to promote the sale of the Technology to customers and to keep Revetec informed of market developments within India.

Revetec is currently paying Pushkaraj a monthly retainer of \$US1,000 per month, but this will increase upon Revetec listing on the ASX, to \$US2,000 per month. Pushkaraj is also entitled to a commercial rate of sales commission on sales / royalty payments generated from sources that it has introduced. The monthly retainer will

cease upon Pushkaraj receiving US\$8,000 in commission per month. Revetec also reimburses Pushkaraj's travel expenses.

Revetec is entitled to terminate the agreement with 14 days notice if Pushkaraj:

- fails to perform the services to the satisfaction of Revetec;
- fails to rectify any breach of the agreement;
- is guilty of misconduct or acts without due diligence or skill; or
- acts in any manner which Revetec believes is likely to damage its reputation or damage any relationships Revetec has with its clients.

Pushkaraj has introduced Kirloskar Oil Engines Limited to Revetec and other parties with whom Revetec is in preliminary discussion.

Memorandum of Understanding (MOU) with Kirloskar Oil Engines Limited

Revetec entered into a non binding agreement with Kirloskar Oil Engines Limited (Kirloskar) in February 2005. The MOU provides that the parties will collaborate in the design, prototype building and testing of engines for specific applications.

The MOU contemplates that upon the development of an engine that meets Kirloskar's specifications, binding agreements will be entered into for the manufacture and/or sale of the engines.

Memorandum of Understanding (MOU) with Orbital Australia Pty Limited ([www.orbitalcorp.com.au](http://www.orbitalcorp.com.au))

Revetec entered into a non binding agreement with Orbital Australia Pty Limited (Orbital) in September, 2005. Orbital is an international developer of engines and related powertrain technologies.

This MOU provides that, subject to each party being satisfied with their evaluation of the other's technologies, Revetec and Orbital will enter into a binding agreement to collaborate in the design, development prototype building and testing of engines leading to the manufacturing and sales of engines incorporating the Revetec engine technology fitted with Orbital's Heavy Fuel Direct Injection technology. The objective of the collaboration with Orbital is to develop the Revetec engine so that it is capable of operating on JP8 fuel for the light aircraft industry and other applications.

The MOU further provides that upon the parties being satisfied with the evaluation of the parties technologies then it is intended that the parties proceed to entering into a legal and binding agreement for the future research, design and development of JP8 fuel engines.

#### **Exclusive application licence agreement with The Hudson Group Pty Limited**

Revetec signed an exclusive application licence agreement with The Hudson Group Pty Ltd (Hudson) on 21 April 2005. The agreement grants Hudson a worldwide, exclusive licence for ten years to use Revetec's intellectual property for the manufacture of motorised trike engines. Hudson is not permitted to grant a sub-licence of its rights under the agreement.

The obligations under the agreement do not start until Revetec has supplied Hudson with a production prototype engine.

Once the agreement has commenced, Hudson must pay Revetec a royalty of \$US100 per engine sold by Hudson. Hudson will be required to pay Revetec a minimum royalty each year, based on a fixed number of engines. This ranges from 250 engines in the first year of engine production and increases progressively to 5,000 engines in the fourth and subsequent years. This is the minimum performance criteria that Hudson must meet.

Hudson will lose the right to exclusively use Revetec's intellectual property if it does not meet the minimum performance criteria for a consecutive six month period. If this occurs, Revetec will be permitted to grant licences to other parties to use the intellectual property for application in motorised trike engines.

Revetec will retain ownership of all intellectual property licensed to Hudson, together with any improvements and developments that arise from the application of Revetec's intellectual property to manufacture the engine.

Revetec is entitled to terminate the agreement if Hudson does not achieve the total minimum performance criteria for two consecutive years or 60% of the total minimum performance criteria in any year. Either party can terminate by notice in writing to the other party if an event of default occurs.

#### **Agency agreements with Phoenicia Limited and Juliet Zora**

Revetec International signed agency agreements with Phoenicia Limited ('Phoenicia') and Juliet Zora ('Zora') on 15 September 2005. Phoenicia and Zora have

been appointed as Revetec International's exclusive representative for the sale and promotion of the Technology in the Middle East.

The agreements are for a three-year term and are automatically renewed for a further five years at the end of that term, unless terminated. Either party can terminate the agreement:

- with three months notice if a party has not performed under the agreement for twelve months or is unable to meet its commitments under the agreement;
- immediately upon written notice where the other party has committed a fraud or made a serious misrepresentation, breach of confidentiality or breach of trust; and
- with the written consent of the other party.

If Phoenicia or Zora do not secure any clients approved by Revetec International within 12 months of the date of the agreement, they will lose their right to be Revetec International's exclusive agent and Revetec International is permitted to appoint other agents to represent it in the Middle East.

Phoenicia and Zora are entitled to receive a commercial rate of sales commission on:

- final contract amounts actually received by Revetec International relating to contracts signed with Middle Eastern companies; and
- royalties received by Revetec International from Middle Eastern companies.

## 14.3 Material contracts – Restructure

### **Restructure agreement**

Revetec Holdings entered into a contract of sale dated 10 August 2005 (Contract) with Revetec Limited, under which the Technology and Revetec Limited's assets were transferred to Revetec Holdings. Revetec Holdings also assumed liability for all accrued employee entitlements of Revetec Limited employees, totalling approximately \$40,135. The contract was settled on 14 September 2005.

The consideration for the transfer was \$203,000. Revetec Holdings must pay this amount to Revetec Limited within 10 years. Until Revetec Holdings pays this amount in full to Revetec Limited, Revetec Holdings must pay interest on the outstanding amount annually in arrears at the rate of 8% pa.

## 15.1 Incorporation

Revetec was registered in Queensland on 4 August 2005 as a public company limited by Shares.

## 15.2 Rights attaching to Shares

There is only one class of Shares in Revetec, fully paid ordinary Shares.

The rights attaching to Shares in Revetec are:

- (a) set out in the constitution of Revetec; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the SCH Business Rules and the general law.

The following is a summary of the principal rights of the holders of Shares in Revetec. This summary is not intended to be exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

### Voting

At a meeting of shareholders, every holder of Shares present in person or by proxy, attorney or representative, has:

- on a vote taken on a show of hands, one vote; and
- on a poll, one vote for every fully paid share held by him or her, and a proportionate vote for every partly paid share, registered in such shareholder's name on Revetec's share register.

A poll may be demanded by the chairperson of the meeting, by any 5 shareholders present in person or by proxy, attorney or representative or by any one or more shareholders who are together entitled to not less than 5 percent of the total voting rights of, or paid up value of the Shares of all those shareholders having the right to vote at that meeting.

### Dividends

The profits of Revetec may be distributed by way of dividends, in a manner that the Directors determine. The Directors may fix the amount, the time for and the method of payment of dividends. Dividends are divisible among shareholders in proportion to the amount paid up on each of their Shares.

### Remuneration of Directors

Subject to the Listing Rules, the Directors as a whole (other than Executive Directors) may be paid or provided remuneration for their services the total amount or value of which must not exceed an aggregate maximum amount determined from time to time by Revetec in general meeting. The apportionment of the total remuneration between Directors may be fixed by the Directors.

Non-Executive Directors must not be paid a commission or a percentage of profits or operating revenue. Executive Directors may be paid by way of salary or commission or participation in profits by all or any of those modes, but must not be paid by commission on, or percentage of, operating revenue.

### Indemnification of Directors

To the extent permitted by law, and subject a section 199A of the Corporations Act, Revetec indemnifies each of its officers against any liability incurred by the officer as an officer of Revetec including liability for reasonable legal costs in defending an action for liability incurred or allegedly incurred by that person as an officer of Revetec (including liabilities and legal costs incurred by the officer as an officer of a subsidiary of Revetec where Revetec requested the officer to accept that appointment). The amount of any indemnity will include an additional amount in respect of GST payable by the officer being indemnified.

Revetec may also pay a premium for a contract insuring a person who is, or has been, a Director against liability incurred by the person as a Director, except in circumstances prohibited by the Corporations Act.

### Transfer of Shares

A shareholder may transfer Shares:

- by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares;
- by an instrument in writing in a form approved by ASX; or
- in any other usual form or in any form approved by the Directors.

The Directors of Revetec may refuse to register any transfer of Shares, other than a Proper ASTC Transfer where permitted by the Listing Rules. Revetec must not

refuse or fail to register, give effect to delay or in any way interfere with a Proper ASTC Transfer of Shares or other securities.

### Meetings and notice

Each shareholder is entitled to receive notice of and to attend general meetings of Revetec and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of Revetec, the Corporations Act or the Listing Rules.

### Proportional takeover provisions

The Constitution contains provisions that prohibit the registration of any transfer of voting Shares giving effect to an offer made under a proportional takeover scheme (ie. an offer for some but not all of the Shares in Revetec) until the members holding the Shares in the class for which the Offer is made under the takeover, have passed a resolution approving the Offer. These provisions cease to have any effect three years after the adoption of the Constitution.

### Liquidation rights

All Shares rank equally in the event of liquidation. Once all the liabilities of Revetec are satisfied, a liquidator may, with the authority of a special resolution of shareholders, divide among the shareholders at the time the whole or any part of the remaining assets of Revetec. The liquidator may, with the sanction of a special resolution of Revetec, vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of Revetec can be compelled to accept any Shares or other securities in respect of which there is any liability.

### Shareholder liability

As the Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

### Alteration of constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at a general meeting. Once Revetec is listed, at least 28 days written notice of the special resolution must be given.

## 15.3 Company tax status

The Directors expect Revetec will be taxed in Australia as a public company.

## 15.4 Tax considerations

### The Offer

This is a general description of the Australian tax consequences for investors who acquire Shares. The following taxation summary addresses the tax implications to investors who are Australian residents for Australian tax purposes and who will hold Shares acquired through the Offer.

If you are not an Australian resident for tax purposes, the way you are taxed will depend on the nature and size of your shareholding and the terms of a double tax agreement (if any) between Australia and your country of residence. If you are not an Australian resident for tax purposes, you should obtain specific professional advice in this regard.

The Australian tax laws are complex. This taxation summary is not intended to be an authoritative or complete statement of the law applicable. If you are uncertain as to how the tax laws apply to you in participating in the Offer, you should obtain independent professional advice before investing.

### Capital Gains Tax (CGT)

The Australian income tax legislation incorporates a CGT regime.

### Acquiring Shares

For CGT purposes, you acquire your Shares on the date the Shares are issued or sold to you. The cost base of any Share you acquire is generally the amount you paid for the Share and any associated costs (such as brokerage and stamp duty) that you may incur.

### Disposal of Shares

You make a capital gain if the capital proceeds you receive when you dispose of your Shares exceed the cost base of those Shares. If the capital proceeds you receive when you dispose of the Shares are less than the reduced cost base, you make a capital loss. If you are a non-resident, the CGT provisions will generally

not apply to you unless you owned at least 10% of the Shares at some time during the five years before the Shares were sold.

Capital gains you make are included in your assessable income and are taxed as income. Capital losses made in the same or prior years can be used to offset capital gains.

Some taxpayers will be entitled to a discount on any capital gains they derive where they have held the Shares as a CGT asset for 12 months or more. Broadly, if you are an individual or a trust, the capital gain is discounted by 50%. If you are a complying superannuation fund or a life insurance company holding the Shares as a CGT asset that is a virtual pooled superannuation trust asset, the capital gain is discounted by 33.3%. The discount CGT provisions do not apply to companies.

Capital losses must be applied to reduce capital gains before applying the discount CGT provisions.

### **Dividends**

While you hold Shares, you may receive a dividend. Dividends may be franked or unfranked. The dividend and any franking credits attached to the dividend will be taxed as income.

If you have held the Shares at risk for 45 days (excluding the dates of acquisition and disposal), you are able to claim a tax credit for the amount of any franking credits attaching to the dividend.

Certain types of taxpayers, including individuals and superannuation funds, are entitled to a refund of any excess franking credits. Companies are not able to claim a refund for excess franking credits.

## 15.5 Legal proceedings

To the knowledge of the Directors, there is no litigation of a material nature pending or threatened which may significantly affect Revetec.

## 15.6 Legal proceedings involving Directors

Mr Chan, the Managing Director, has made continual disclosure to the Board of his current involvement in legal proceedings resulting from his company Panay Pty Ltd's involvement in an Australian Government Approved Sponsorship of overseas qualified chefs to

work in Australia. The venture suffered irretrievable damage when the Australian Immigration Department cancelled the visas of the sponsored chefs. In a series of appeals, the Migration Review Tribunal reversed the cancellation of the visas of every chef.

The difficulties led to a consent judgement against Mr Chan as a director of Panay Pty Ltd by the Australian Tax Office in respect of unpaid superannuation and GST.

As a result of the financial difficulties that Panay Pty Ltd faced due to those actions, the Directors of Panay Pty Ltd appointed a voluntary administrator to the company. Panay Pty Ltd entered into a Deed of Company Arrangement under the Corporations Act but the creditors of Panay Pty Ltd have now resolved to place Panay Pty Ltd into liquidation. As part of the arrangement, Panay Pty Ltd transferred Shares in Revetec to the administrators.

The Board is satisfied that the litigation against Mr Chan arose out of a set of unique circumstances that have no bearing on Mr Chan's ability to perform his duties as a Director.

## 15.7 Employee share option plan

The Board has resolved to adopt an Employee Option Plan (Plan). The objective of the Plan is to assist in the reward, retention and recruitment of key Revetec employees. This is considered by the Board to be important for the long-term growth of Revetec. The Plan will commence on a date to be determined by the Board. No Options have been issued under the Plan as at the date of this Prospectus. Set out below is a summary of material terms and conditions of the Plan.

### **(a) Eligibility**

The Plan Committee may offer Options to any Eligible Employee of Revetec and its subsidiaries, including executive and non-executive Directors.

### **(b) Entitlement**

Each Option entitles the holder to subscribe for one Share. When issued, each Share will rank equally with all other Shares then on issue.

**(c) Issue of options**

Options will be issued for consideration comprising the services that are expected to be provided by an Eligible Employee to or for the benefit of Revetec, but no further monetary or other consideration will be payable in respect of the issue of an Option.

Options are personal and may not be exercised by another person or body corporate unless approved by the Board.

Revetec must apply to ASX for quotation of Shares issued on exercise of the Options if the Shares are officially quoted by ASX at that time. However, Revetec cannot guarantee that the Shares will be quoted.

**(d) Exercise of options**

Subject to the discretion of the Plan Committee, conditions may be imposed on the exercise of Options. If conditions are attached to Options, they must be satisfied before the Options vest.

The Plan Committee will fix the Option term at the time of issue.

Options will lapse if an Eligible Employee has been dismissed or removed from office for a reason which entitles Revetec to dismiss the Eligible Employee without notice, has committed an act of fraud or gross misconduct or has done an act which brings Revetec into disrepute. Options will also lapse on the date which is two months after the date of termination of an Eligible Employee's employment other than where the termination is due to total or permanent disability, death or redundancy or as otherwise determined by the Plan Committee.

The Options may only be exercised in accordance with the Corporations Act and the Listing Rules.

**(e) Exercise price**

The exercise price will be the amount determined by the Plan Committee at, or prior to, the time of granting the Options.

**(f) New issue of securities**

Eligible Employees will not be entitled to participate in any new issue of securities in Revetec unless they exercise their Options prior to the record date for the determination of entitlements to the new issue, and participate as a result of holding Shares.

**(g) Bonus issues**

If Revetec makes a bonus issue of securities to its ordinary shareholders, each unexercised Option will, on exercise, entitle its holder to receive the bonus securities as if the Option had been exercised before the record date for the bonus issue.

**(h) Rights issues**

If Revetec makes a pro rata rights issue of ordinary Shares for cash to its ordinary shareholders, adjustment of the number of underlying securities and the exercise price of unexercised Options will be made to reflect the diluting effect of the issue.

**(i) Capital reorganisations**

If any reorganisation of issued capital occurs, the number of Options and the exercise price of the Options held by each participant will be reorganised in the same proportion as the issued ordinary Share capital of Revetec is reorganised.

**(j) Restrictions on issue**

The number of Options which are the subject of an offer of Options when aggregated with the number of Shares which would be issued if each outstanding offer of Options was accepted or rejected, together with the number of Shares issued during the five years prior to the offer of Options under the Plan or any other employee share scheme (excluding Shares or options issued in circumstances that would not require a disclosure document within the meaning of section 708 of the Corporations Act), must not exceed 5 per cent of the total number of the Shares on issue at the time of offer of the Options.

**(k) Amendment**

The Plan may be amended by the Board in accordance with the Listing Rules.

## 15.8 Interests of Directors and promoters

Other than as set out below or elsewhere in this Prospectus:

- no Director, proposed Director or promoter of Revetec holds or has held in the two years before the date of this Prospectus, any interest:
  - in the formation or promotion of Revetec;
  - property acquired or proposed to be acquired by Revetec in connection with its formation or promotion or the Offer; or
  - the Offer; and
- no amount has been paid or agreed to be paid and no value or any benefit has been given or agreed to be given to:
  - any Director, or proposed Director, to induce them to become, or to qualify as, a director of Revetec; or
  - any Director, proposed Director or promoter of Revetec for services that he or she has provided in connection with the formation or promotion of Revetec or the Offer.

### Shareholding qualifications

The Directors are not required to hold any Shares in Revetec under the constitution of Revetec.

### Remuneration of Directors

The constitution of Revetec provides that the non-executive Directors are entitled to remuneration as determined by Revetec in general meeting, but until so determined, such remuneration must not exceed \$250,000 per annum to be apportioned among them in such manner as the Directors in their absolute discretion determine.

For the financial year ending 30 June 2006, it is expected that the non-executive Directors' fees will not exceed \$150,000.

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

Charles Chan, Bradley Howell-Smith and Paul Moitzi, as executive Directors of Revetec, are collectively currently paid a total \$296,920 inclusive of GST per annum. The Directors will review the remuneration of the executive

Directors after the listing to ensure that the terms are commensurate with salary packages available to executive officers of public companies of similar size and industry grouping to Revetec, subject to the requirements of the Listing Rules and the Corporations Act. There are no written executive service agreements between the Company and any of the executive Directors. The Directors are bound by the corporate governance policies of the Company.

### Directors' Share and option holdings

Set out below are details of the interests of the Directors in the securities of Revetec immediately prior to lodgement of the Prospectus with the ASIC. Interests include those held directly and indirectly.

Director	Ordinary Shares	Options
Charles Chan	6,156,399	Nil
Bradley David Howell-Smith	32,380,987	Nil
Paul Moitzi	5,879,969	Nil

### Director related entity

Revetec Limited, an entity related to the Directors, (and which has the same shareholders as the shareholders in Revetec before the Issue) will receive a financial benefit from the Issue. Revetec will pay to Revetec Limited:

- the purchase price for the Technology and assets of Revetec Limited, as described in section 14.3; and
- costs incurred by Revetec Limited (plus interest) in connection with the Offer. These costs are included in the amounts specified in section 15.12.

Charles Chan is the principal of Chan Lawyers. Chan Lawyers has provided legal services in relation to the preparation of the Prospectus, for which it will be paid approximately \$27,500 inclusive of GST.

## 15.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus:

- no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, or has held in the two years before the date of this Prospectus, any interest:
  - in the formation or promotion of Revetec;
  - property acquired or proposed to be acquired by Revetec in connection with its formation or promotion or the Offer; or
  - the Offer; and
- no amount has been paid or agreed to be paid and no value or any benefit has been given or agreed to be given to the any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus for services provided in connection with the:
  - formation or promotion of Revetec; or
  - Offer.

KPMG conducted an audit of Revetec for the period 4 August 2005 to 31 August 2005 and has provided taxation and other services to Revetec in the period prior to the date of lodgement of the Prospectus. Revetec has agreed to pay the fees of KPMG for this work on the basis of its usual charge out rates. These fees are expected to total approximately \$2,200 inclusive of GST.

KPMG Transaction Services (Australia) Pty Limited has prepared the Investigating Accountants' Report (Report) included in the Prospectus and performed work in relation to due diligence enquiries concerning the historical financial information included in the Prospectus. Revetec has agreed to pay the fees of KPMG Transaction Advisory Services Australia Pty Limited for this work on the basis of its usual charge out rates. These fees are expected to total approximately \$55,000 inclusive of GST.

Minter Ellison Gold Coast has acted as lawyers to Revetec in relation to the Issue, for which they will be paid approximately \$82,500 inclusive of GST.

Cullen & Co has prepared the patent report for inclusion in this Prospectus. Revetec has paid or agreed to pay Cullen & Co \$687 inclusive of GST for provision of this report.

Leap Pty Limited has prepared the technical report for inclusion in this Prospectus. Revetec has paid or agreed to pay Leap Pty Limited \$1980 inclusive of GST for provision of this report.

## 15.10 Consents to the inclusion of information

The following persons have given and have not, before the issue of this Prospectus, withdrawn their written consent to the issue of this Prospectus with the inclusion of the following information in the form and context in which it is included:

- Minter Ellison Gold Coast, Lawyers to the Offer.
- KPMG, Auditor of Revetec.
- KPMG Transaction Advisory Services Australia Pty Limited, Investigating Accountant.
- Cullen & Co, Patent Attorneys to Revetec.
- Leap Pty Limited.
- Haltech (Lockin Pty Limited).

## 15.11 Responsibility statements

Each person named in section 15.10:

- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus, other than consenting to the inclusion of information as detailed in section 15.10.

## 15.12 Costs of the issue

If the Issue proceeds, the total estimated costs of the Issue, including legal fees incurred, registration fees, fees for other advisors, Prospectus design, printing and other miscellaneous expenses, will be in the range of \$560,000 (minimum subscription) to \$1,060,000 (maximum subscription).

The following definitions apply throughout this document unless the context requires otherwise.

**Applicant** means a person who submits a valid application form pursuant to this Prospectus.

**Application** means an application for Shares offered under this Prospectus.

**Application Form** means the application form included in or accompanied by this Prospectus.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means Australian Stock Exchange Limited or the securities exchange that Australian Stock Exchange Limited operates (as applicable).

**ATDC** means After Top Dead Centre.

**CCE** means Controlled Combustion Engine.

**CHESS** means the Clearing House Electronic Subregister System.

**Closing Date** means 30 October 2005 unless Revetec extends the Offer or closes the Offer early.

**Constitution** means the constitution of Revetec.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the Directors of Revetec.

**Group** means Revetec and each of its subsidiaries.

**Investor** means a person to whom Shares are offered under this Prospectus.

**Issue** means the issue of up to 9,090,909 Shares pursuant to this Prospectus.

**Issue Price** means the price at which Shares are offered under this Prospectus.

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

**Offer** means the offer made under this Prospectus to issue up to 9,090,909 Shares each at \$1.10.

**Offer Open Date** means 3 October 2005, or a later date determined by Revetec.

**Offer Period** means the period during which the Offer is open for acceptance.

**Official List** means the Official List of ASX.

**Official Quotation** means official quotation by ASX in accordance with the Listing Rules.

**Proper ASTC Transfer** has the same meaning as in the *Corporations Regulations 2001* (Cth).

**Revetec International** means Revetec International Pty Limited ACN 106 548 878.

**Revetec Limited** means Revetec Limited ACN 079 317 365.

**Revetec** means Revetec Holdings Limited ACN 115 621 317

**RPM** means Revolutions Per Minute.

**SCH Business Rules** means the operating rules of ASX Settlement and Transfer Corporation Pty Limited.

**Share** means an ordinary share in the capital of Revetec.

**Share Registry** means Computershare Limited.

**Technology** means the CCE design and all associated patents, copyright and other intellectual property rights.

## AUTHORISATION

Revetec Holdings Limited issues this Prospectus. Each of the Directors has consented to the lodgement of this Prospectus with ASIC.

**Dated 3 October 2005**



**Bradley D Howell-Smith**



**Charles C K Chan**



**Paul R Moitzi**

## CORPORATE DIRECTORY

### DIRECTORS

Charles Chan  
Bradley Howell-Smith  
Paul Moitzi

### SECRETARY

Bradley Howell-Smith

### REGISTERED OFFICE

Unit 5, 2 Elliott Street  
Surfers Paradise Qld 4217  
Telephone: +61 7 5531 7166  
Facsimile: +61 7 5531 6997

### AUDITOR

#### KPMG

Corporate Centre One  
Bundall Road (cnr Slatyer Avenue)  
Bundall QLD 4217

### INVESTIGATING ACCOUNTANT

#### KPMG Transaction Services (Australia) Pty Limited

Corporate Centre One  
Bundall Road (cnr Slatyer Avenue)  
Bundall QLD 4217

### SOLICITORS TO THE ISSUE

#### Minter Ellison Gold Coast

159 Varsity Parade  
Varsity Lakes QLD 4229

### SOLICITORS TO REVETEC

#### Chan Lawyers

PO Box 8203  
Gold Coast Mail Centre QLD 9726  
Telephone: +617 5531 7166

### PATENT ATTORNEYS

#### Cullen Co

#### Patent & Trade Mark Attorneys

GPO Box 1074  
Brisbane QLD 4001

### CONSULTING ENGINEERS

#### Leap Pty Limited

Suite 5, Ground Floor  
39 East Esplanade  
Manly NSW 2095  
Haltech (Lockin Pty Limited)  
10 Bay Road  
Taren Point NSW 2229

### SHARE REGISTRY

#### Computershare

GPO Box 523  
Brisbane QLD 4001

# PUBLIC SHARE OFFER

## Application Form



<b>PIN CHEQUES HERE DO NOT STAPLE HERE</b>		<b>REVETEC HOLDINGS LIMITED</b> ACN 115 621 317 <b>PUBLIC SHARE OFFER</b>		Share Registrars use only	
To meet the requirements of the Corporations Act 2001 (Cth), this Application Form must not be handed on unless attached to the Prospectus.				Broker Reference - Stamp Only	
<b>PLEASE READ ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM</b>				Broker Code	Adviser Code
I/We apply for					
<b>A</b>	Shares in Revetec Holdings Limited at A\$1.10 per share.				
I/We lodge full application moneys					
<b>B</b>					
<b>Full name (PLEASE PRINT)</b> Title, Given Name(s) & Surname or Company Name					
<b>C</b>					
Joint Applicant 2 or (designated account)					
Joint Applicant 3 or (designated account)					
Email address:					
<b>Postal Address (PLEASE PRINT)</b>					
Street Number/Box Number			Street		
<b>D</b>					
Suburb			State	Postcode	
<b>Contact Name</b>				Telephone No - Business Hours	
<b>E</b>					
				Telephone No - After Hours	
<b>CHESS HIN (where applicable)</b>					
<b>F</b>					
<b>Tax File Number or Exemption</b>					
Applicant 1		Applicant 2		Applicant 3	
<b>G</b>					
<b>Cheque Details</b>					
Drawer		Bank		BSB	Amount of Cheque
<b>H</b>					\$
					\$

I/We declare that this application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the constitution of Revetec Holdings Limited.

Returning the Application Form with your cheque for the application monies will constitute your offer to subscribe for shares in Revetec.

**NO SIGNATURE REQUIRED**

**You should read the prospectus carefully before completing this Application Form**

# PUBLIC SHARE OFFER

## Application Form



### HOW TO COMPLETE THE APPLICATION FORM

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

- A:** Enter the **NUMBER OF SHARES** for which you wish to apply. Applications must be for the minimum of 2,000 and thereafter multiplies of 500.
- B:** Enter the **TOTAL AMOUNT** of application money payable. To calculate the amount multiply the number of Shares applied for by the amount per share.
- C:** Enter the **FULL NAME(S)** and **TITLE(S)** of all legal entities that are to be recorded as the registered holder(s). Refer to the Name Standards below for guidance on valid registration.
- D:** Enter the **POSTAL ADDRESS** for all communications from the company. Only one address can be recorded.
- E:** Enter telephone numbers and contact person the registry can speak to should they have any queries relating to this application.
- F:** If you are sponsored in **CHESS** by a stockbroker or other **CHESS** participant enter your Holder Identification Number (HIN).
- G:** Enter the tax file number(s) of the applicants. With a joint holding, only the tax file numbers of two holders are required.
- H:** Payment must be made in **Australian Currency** and cheques must be drawn on an **Australian Bank**. Cheques or bank drafts must be **payable to Revetec Holdings Limited** and crossed **Not Negotiable**. **Cheques not properly drawn will be rejected**. Cheques will generally be deposited on the day of receipt. If cheques are dishonoured, the application may be rejected.
- I:** Before completing the Application Form, the applicant(s) should read the Prospectus to which the Application relates. The applicant(s) agree(s) that this Application is for Shares in Revetec Holdings Limited upon and subject to the terms of the Prospectus, agree(s) to take any number of Shares equal to or less than the number of Shares indicated in Box A that may be issued to the applicants pursuant to the Prospectus and declare(s) that all details and statements made are complete and accurate. It is not necessary to sign the Application form.

Forward your completed Application together with the application money to:

<p><b>Hand deliver to:</b> <b>Computershare Investor Services Pty Limited</b> Level 27, Central Plaza One 345 Queen Street BRISBANE QLD 4000</p>	<p><b>OR</b></p>	<p><b>Post to:</b> <b>Computershare Investor Services Pty Limited</b> GPO Box 523 BRISBANE QLD 4001</p>
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**Applications must be received by no later than  
5.00pm Australian Eastern Standard Time  
on 30 October 2005.**

# PUBLIC SHARE OFFER

## Application Form



### Name Standards

- Only legal entities may be registered as the holders of securities
- The full and correct name of each entity must be shown
- Salutations such as MR, MRS & MS should be included
- Securities should not be registered in the name of a trust and no trust can be implied
- Securities should not be registered in the name of a minor or a deceased person
- An account designation can be included. If shown, it must be contained within one line and with the "<>" symbols. The last work of the designation must be ACCOUNT or A/C.

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

