
AARC SYSTEMS HOLDING PTY LTD

CROWD-SOURCED FUNDING OFFER DOCUMENT

10th April 2019



AARC SYSTEMS HOLDING PTY LTD CROWD-SOURCED FUNDING OFFER DOCUMENT

AARC EVAC
Wireless Linked Emergency Alert System



Offer of 1,600,000 fully-paid ordinary shares in AARC Systems Holding Pty Ltd at \$0.63 per share to raise a maximum of \$1,008,000

This crowd-sourced funding (**CSF**) offer document relates to the Offer of fully-paid ordinary shares in AARC Systems Holding Pty Ltd. This Offer is made under the CSF regime in Part 6D.3A of the *Corporations Act 2001* (Corporations Act).

Issuer

AARC Systems Holding Pty Ltd, ACN 617 451 635

Intermediary

Crowd88 Ltd, ACN 609 908 009, AFSL 507 867

Crowd **88**

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Section 1: Risk warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

Section 2: Information about the Company

2.1 Company details

This offer of shares is made by AARC Systems Holding Pty Ltd, ACN 617 451 635 (“**AARC** or the **Company**”).

The Company was incorporated on the 17th February 2017.

Registered Office

24 Doveton Street
Ballarat North, VIC 3350

Business Address and contact details

5 – 7 Ring Road
Alfredton, VIC 3350

T: (03) 5334 2865

E: info@aarcsystems.com

W: www.aarcsystems.com

Share Registry

Share Registry to be managed by the Automic Group Pty Ltd.

LETTER FROM THE MANAGING DIRECTOR

Dear Investor,

On behalf of the Company and its Board of Directors, it gives me great pleasure to offer you this opportunity to invest in AARC Systems Holding Pty Ltd.

The company's focus is delivering its AARC-EVAC System product, a Wireless Linked Emergency Alert System, providing improved outcomes for Public and Workplace Health, Safety & Security.



Managing a facility's emergency plans requires an effective response to all potential emergencies.

There are many different types of emergency situations, including fire or explosion, dangerous gas release, medical emergencies, natural disasters, bomb threats, threat of violence and robbery.

Most emergency warning systems in the market address fire and in some cases explosive gasses, most only sound a siren and flash a warning beacon.

AARC Systems is the first company to develop an emergency warning system that supports the full range of emergency situations, **Evacuation, Lockdown, Duress and First Aid.**

- Evacuation Sirens and Voice instructions, including multi-lingual Voice instructions, can be triggered by Evacuation push button transmitters or from an existing Fire Panel.
- Lockdown Alert and Voice instructions can be triggered by Lockdown push button transmitters, protecting against an external threat or dangerous chemical release.
- Duress Assist call, can be triggered by hidden Duress push button transmitter, if required this can be a coded or discreet message, so as not to inflame the situation.
- Improved outcomes in a medical emergency can often be achieved by faster response times, the AARC-EVAC First Aid assist nurse call system can employ multiple First Aid call locations, triggered by push button transmitters.

The company's AARC-EVAC system, is a unique wireless linked emergency alert and broadcast system, providing an all-in-one Evacuation, Lockdown, multi-zoned Duress assist and multi-zoned First Aid Nurse Call Assist message broadcast system.

Digital coded wireless based Alert Call buttons are easily and cost effectively deployed across any site. A press of a button sends a coded message to one or a network of AARC-EVAC receiver message players within a system. These units are autonomous, indoor or outdoor standalone receiver message players with audio amplifiers and speakers. They include an internal UPS battery backup, in case of mains failure and alternatively the outdoor units can be Solar powered.

The product is complete and on the market, national distribution is in place in Australia and export sales are already being achieved. System sales have been achieved in 14 different market segments with Education, Manufacturing and Healthcare representing the strongest sales segments, to date.

The AARC SAFE - AARC EVAC product took a team of professionals over 3 years in development, prototyping and testing followed by the sale of systems across the range of strategic markets, before we started the company, AARC Systems Holding Pty Ltd. The products are leading edge, innovative, high technology and highly robust. The products use complex highly embedded technology, building the complexities into the products, whilst designing for the products and the systems to be very cost effective, simple to install, and simple for the end user to use. This approach is the mark of a great product.

I have been working in the electronics industry in Australia for over 40 years, most of that time at a CEO & Director level. I have been continuously involved with and responsible for, contract manufacturing, electronics research and development, product commercialisation, and product marketing, sales & distribution.

A product employing the latest technology, fulfilling a real need in the world community and delivering improved outcomes for people, ticks all the boxes for me, what a great product!

Accordingly, the Company is inviting investors to subscribe for up to 1,600,000 Shares at an Offer Price of \$0.63 per Share to raise a maximum of \$1,008,000. The minimum investment into the Company in this Offer is \$252.00.

In this Offer document we are providing information on the Company's operations, financial performance, experienced management and advisory team and future plans.

We also outline the Company's business model.

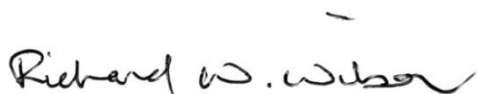
I encourage you to read and understand the documents before making an investment decision.

The Board and Management believe that there are significant opportunities for growth in Australia and internationally and that the company will perform exceptionally well and provide a very attractive return on investment.

As a shareholder, you will be part of the Company's community and we hope that you will embrace the benefits and the potential of the systems to make a difference. We would welcome any efforts to help us create awareness of the products within your community.

I look forward to welcoming you as a Shareholder.

Yours faithfully,

A handwritten signature in black ink that reads "Richard W. Wilson". The signature is written in a cursive style with a small horizontal line above the first letter of the first name.

Richard W. Wilson
Managing Director

Crowd-Sourced Funding or CSF for short is risky. Investors may lose their money and the company may not achieve its objectives. It's really important that you consider the CSF offer document and the CSF general risk warning contained in the offer document in deciding whether to apply under the offer. Information about this offer will be set out in our offer document.

2.2 Journey to date and Key achievements

February 2017	After 3 years of R&D, building and testing of prototypes, small run production and commercialisation of the system components, AARC Systems Holding Pty Ltd was established.
July 2017	Test marketing focused on placement of systems across all the identified market segments. System sales and delivery achieved across 11 of the 14 identified market segments.
January 2018	First Export order delivered to Malaysia, with all messages delivered in both Malaysian and English.
July 2018	Consolidated Security Merchants Pty Ltd appointed as National Distributors for Australia & New Zealand.
September 2018	Early stage market research undertaken in Europe to assess the potential market demand and interest in the AARC products. Potential distribution partners also identified.
November 2018	Work begins to prepare the AARC EVAC products to meet the requirements for CE Certification. Certification will enable AARC to start distribution into the European markets.
February 2019	R&D continues to deliver new products, with the impending release of the Outdoor Weatherproof Solar Powered product range.
March 2019	2019 PNG Security Congress Award Winners <i>“Best Product on Show”</i> (Voted by Delegates). See attached Annexure.



NEW RELEASE!

March 2019

Outdoor Weatherproof wireless linked AARC EVAC Receiver/Message Player, pole mounted with Solar Power and equipped with colour coded flashing beacons.

2.3 CSF Offer Overview

Issuer	AARC Systems Holding Pty Ltd, ACN 617 451 635
Intermediary	Crowd88 Ltd, ACN 609 908 009, AFSL 507 867
Transaction	<p>The issue of a minimum of 640,000 new fully paid ordinary shares up to a maximum of 1,600,000 new fully paid ordinary shares (New Shares).</p> <p>The transaction will raise a minimum of \$403,200 and up to a maximum of \$1,008,000 (Offer).</p>
Share Price	\$0.63
Current Shares on Issue	9,128,000 fully paid ordinary shares (current)
Pre-money capitalization	\$5,750,640
Close of Public Round	Friday 31 st May 2019, unless closed earlier by the Intermediary.
The Offer	<p>An offer to raise up to \$1,008,000 by the issue of 1,600,000 ordinary fully paid shares. The new shares will rank equally with existing fully-paid ordinary shares from allotment.</p> <p>There are no other classes of shares or options issued.</p>
Use of Proceeds	<p>Funds are sort to underpin the Company’s growth and cash flow expectations during the first 12 – 18 months of operations, post investment.</p> <p>Primarily the funds will be applied to “kickstart” the company’s growth plans, which include but are not limited to;</p> <ul style="list-style-type: none"> • Working Capital - provision of Raw Material and Finished Goods to meet the needs of the market. • Technology and Applications Development. • Assessment of Intellectual Property protection. • Domestic and International Distribution Development. • Codes and Standards Development including Performance Based Design (PBD). • On board suitably, qualified professionals to enable the execution of the business plan. • Drive Codes and Standards development across the target markets. • Drive the adoption of PBD project dispensation when applicable. <p>For more information regarding Use Of Funds please refer to Section 3.2.</p>

Market Capitalization post Offer	\$6,758,640 post close of the maximum raise under the CSF Offer.
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The Offer is not underwritten.

Important Note:

ESIC Status:

AARC has been assessed by the Australian Taxation Office as a qualifying “Early Stage Innovation Company” (ESIC) where investors can claim a 20% tax offset on their investment plus the added value of no CGT “Capital Gains Tax” on shares continuously held for a minimum of 12 months and for less than 10 years.

See the ATO’s “Tax Incentives for Early Stage Investors” document for more information <https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/>

2.4 Description of the business

2.4.1 Mission Statement

“To provide unique solutions for our customers through the innovative use of technology”

2.4.2 Executive Summary

AARC is;

1. Focussed on a 5-year international market development and execution plan underpinned by a sophisticated distribution model.
2. Development of Codes, Standards and the Regulatory environment needed to support AARC technology adoption.
3. Development of the “Next Gen” AARC EVAC solutions: AARC EVAC ASD and PRO.
4. Creating a business environment that is managed to a set of strict financial ratios.
5. Developing parallel exit paths for consideration by the Board and shareholders;
 - Trade Sale;
 - IPO Main or Second Board (i.e. ASX, NSX or AIM UK);
 - Reverse Listing; or
 - Private Equity Sale.

AARC is a security and safety products manufacturing company established to deliver a range of highly innovative products and systems to the Australian and international market place. Launched by Founder and Managing Director Mr. Richard Wilson, the Company’s core focus and product is a world leading wireless linked emergency alert system (AARC EVAC), with national distribution established in Australia and over 100 systems deployed in an extensive range of vertical markets domestically and Internationally, the company is well positioned for growth.

AARC was conceived to provide solutions for its customers through the innovative use of technology. Management vision, combined with the engineering discipline of the company’s Research and Development and Systems Integration teams, has led to the development of its own intellectual property suite, as well as the integration of a range of leading-edge technologies, all of which combined deliver a unique package of solutions for its customers.

AARC-EVAC is a Wireless Based Evacuation, Lockdown, Multi-Zoned First Aid Assist & Multi-Zoned Duress Assist Message System.



Digital radio wireless-based ALERT PANELS are:

- Easily and cost effectively deployed across a customer's site.
- The simple press of a button initiates the transmission of a digitally encoded radio signal that is specifically assigned to that initiation point.
- The system can employ any number and variety of wireless receiver-based units providing the maximum flexibility for each application.
- The receiver/audio message players are Standalone Units that include a Digital Wireless Receiver, MP3 based Audio Siren & Message Player, Audio Amplifiers & Speakers.
- All Standalone Units also have their own UPS Battery Backup System.

AARC EVAC is a total system where Installation costs are minimised when compared to hard-wired systems, thus giving AARC a significant competitive advantage. Seamless integration of technology provides a robust and reliable system, ensuring that in an emergency event, the right information is given to the right people, allowing for an effective and controlled response to that emergency, be it ***Evacuation, Lockdown, First Aid Assist or Duress Assist.***

AARC Systems has expanded its thinking beyond the traditional EVAC environment and identified synergies and opportunities both commercially and technically within the Fire Protection Industry, specifically where Aspirating Smoke Detection (ASD) systems are deployed.

ASD Systems are primarily designed to provide very early warning fire detection (at the incipient stage) in demanding application areas, and where services and business continuity are paramount.

ASD systems are typically deployed in;

- Telecommunications Facilities
- Government Buildings and Infrastructure (Universities / Schools)
- Hi Tech Manufacturing Facilities
- UPS / Switch Rooms
- Retail Atria
- Dirty and Dusty Environments
- Mining
- Complex Manufacturing and Process

AARC EVAC has recognised that in an emergency event such as fire, unfortunately, in many situations and particularly in public spaces, sirens and other visual and audible alert devices whilst typically codified, have the potential to cause confusion as they are often not recognised or understood; people may become confused and may not know what to do, where they need to go, or indeed how to get there.

AARC Systems, as part of its R&D program, has been investigating the potential for integrating its EVAC solution with ASD systems, with the view to incorporate voice warning announcements and evacuation instructions. This outcome could also be multi-lingual and provide clear instruction to occupants regardless of ethnicity. This multilingual capacity has the very real potential to reduce risk and efficiently move people to safety.

AARC is of the firm opinion that no-one is currently and or adequately addressing this technology and process gap in the market.

AARC Systems already has the core market, engineering and technology understanding to produce an AARC EVAC-ASD solution. This opportunity, we believe, has the potential to unlock an incremental revenue stream in our target market which has a Total Available Market (TAM) of \$250M+. AARC have started discussions with potential domestic and international distributors in relation to taking an AARC EVAC-ASD solution to market.

AARC is structured to be a highly focused sales and marketing company, underpinned by best in class engineering capability. This combination of commercial and engineering expertise is expected to generate significant revenues, at a gross margin of 34-40% based on our lowest net sell price.

To drive the revenues and profitability of AARC, the Directors are conscious of establishing a dynamic route to market that allows the business to address the core application base of the technology and underpins the potential to increase our projected conservative penetration rates into what is a very substantial TAM across our target verticals and geographies.

Some of these routes are, but not limited to:

- Wholesale Security Distribution
- Wholesale Fire Distribution
- Specialist Safety Distribution
- Global System Integrator
- Local System Integrator
- End-User Direct
- Global Security and Fire Original Equipment Manufacture
- Licencing of the technology as may be appropriate

2.4.3 AARC Product

The company is focused on the market development, marketing and sale of its AARC-EVAC Systems to its target markets.

The AARC EVAC Systems components are:

System Components



- Standalone Receiver/Message player (14 models) with various visual indication and signal repeater options
- Integrated speakers, or external horn or box speakers
- Multiple Integrated audio amplifiers to independently drive 2 - 4 speakers
- Wireless Signal Repeater Unit (standalone)
- All with internal UPS/battery backup
- (Optional)-Receiver/Message player for integration to existing Public address systems



• Indoor and outdoor speakers available

- 2, 4 and 5 button digital wireless transmitters (6 models)
- Single button digital wireless transmitters (8 models)
- Wall mount & handheld transmitters versions available

2.4.4 Research and Development

AARC has identified a number of potential applications that could be addressed through the enhancement and addition of new features and functionality currently not available in the AARC EVAC product.

For the last 8 months AARC Systems have been undertaking R&D projects to design the next generation AARC EVAC systems tentatively named AARC EVAC PRO and AARC EVAC ASD. This R&D program was instigated to ensure that AARC systems remains at the forefront of this technology. AARC is a company that is founded on innovation and will continue to invest in the development of its products and solutions. By FY'2024 AARC will have spent an estimated AU\$2,000,000+ on its development program, a material investment for a company of this size and stage.

Technology	Within 6 months	Within 12 months
AARC EVAC PRO	Prototype Hardware Verified.	Embedded IP Software complete, Pre-production trials completed.
AARC EVAC ASD	Product Specification and R&D Planning Document Completed.	AARC's ASD Software Interface completed, Software verification with prototype hardware ready to start.

2.4.5 Manufacturing

AARC is concentrating its investment in the area of technology, sales, marketing and distribution, as such has been building on a relationship with Wiltronics Research Pty Ltd (**“Wiltronics”**) as its contract manufacturer.

Wiltronics has the experience and capacity to deliver, as well as, meet the demand for the manufacture of the AARC product range. Strategic planning has been undertaken by Wiltronics to establish its ability to scale up to meet the projected sales growth for the AARC range of products. Having this manufacturing agreement in place will allow AARC to move forward with confidence and to focus on its core business.



Important Note: Wiltronics has previously fulfilled contracts to produce in excess of 10,000 electronic assemblies per month.

AARC Systems has some joint ownership and directorship with Wiltronics. Mr Richard Wilson is a Director and beneficial Shareholder of both AARC Systems Holding Pty Ltd and Wiltronics Research Pty Ltd. Mr Phillip Morton is a Non-Executive Director and Shareholder of AARC Systems Holding Pty Ltd and is a Shareholder of Wiltronics Research Pty Ltd.

2.4.6 Codes and Standards Compliance

AARC will use its best endeavours to meet the relevant Codes and Standards as may be required to enter into a geographic and or vertical market.

Specific compliance programs as the business expands its foot print will be centred around;

- AS1670.4
- ISO Quality Standards
- Radio Frequency (RF) ISM Band Compliance (433MHz & others)
- CE Certification
- Construction Products Directive (CPD) EN54
- Factory Mutual (FM)
- Underwriters Laboratory (UL)
- Loss Prevention Council Board (LPCB)
- AFNOR France

2.5 Sales and Distribution

AARC has taken a very conservative approach when looking at how to best access and quantify its target markets. Arguably any business or facility is an AARC target; however, AARC have chosen to narrow down the verticals and business types it proposes to target, based on recent success; as well as access to each market, general capability and capacity of a distribution partner.

In summary;

- The total available market for AARC product is significant (multi-billion \$). This is evidenced in the Total Available Market figures in the attached Annexures.
- Accessing this market is best served by the utilisation of the “**One to Many**” model that is distribution.
- Average sell prices vary in each market and to a degree in each business within that market based on scale (number of sites) and the vertical type. AARC has applied a “best” estimate of what these average sell numbers will look like in the attached annexures.
- Each vertical identified has a number of sites allocated based on the market research undertaken. AARC has then applied a best estimate as to the penetration rate we could expect to achieve in these markets over the outlook period.

Total Available Market Australia (TAM)

The TAM for Australia across the target markets that are identified below and in the attached Annexure is estimated to be AUD \$495M;

- Education
- Warehousing
- Retail
- Business (Construction, Manufacturing & Mining)
- Government
- Health Care
- Recreation
- Accommodation
- Transport
- Aspirating Smoke Detection

The Potential Served Obtainable Market (**PSOM**) for AARC Australia based on applying varying percentage penetration rates to the different business types in each vertical is captured in the table below.

Region	Year 1 PSOM	Year 2 PSOM	Year 3 PSOM	Year 4 PSOM	Year 5 PSOM
Australia	\$ 2,934,103	\$ 9,297,131	\$ 11,849,570	\$ 13,000,053	\$ 15,164,493

The PSOM rate in year 5 (FY2024) equates to a penetration rate of .0306% of the Australian TAM for the verticals AARC is targeting.

Total Available Target Export Market Australia (TAM) – United Kingdom (UK) and the United States of America (USA)

The TAM for the UK and USA across the target markets that are identified below and in the attached Annexures is estimated to be a very significant UK AU\$1.5B and USA AU\$13.7B respectively, giving a total export TAM in these two markets of an estimated AUD \$15.2B in aggregate and across;

- Education
- Warehousing
- Retail
- Business (Construction, Manufacturing & Mining)
- Government
- Health Care
- Recreation
- Accommodation
- Transport
- Aspirating Smoke Detection

The Potential Served Obtainable Market (**PSOM**) for AARC in the UK and USA based on applying varying percentage penetration rates to the different business types in each vertical is captured in the table below.

Region Export	Year 1 PSOM	Year 2 PSOM	Year 3 PSOM	Year 4 PSOM	Year 5 PSOM
US	\$ -	\$ -	\$ 4,899,844	\$ 11,089,409	\$ 18,692,964
UK	\$ -	\$ -	\$ 2,924,165	\$ 5,418,873	\$ 8,343,038
Total	\$ -	\$ -	\$ 7,824,009	\$ 16,508,282	\$ 27,036,002

The PSOM rate in year 5 (FY2024) equates to a penetration rate of 0.00177% of the estimated TAM for the verticals AARC is targeting.

Routes to Market – Australia and New Zealand

AARC has identified distribution as the most effective route to reach the Australian and New Zealand markets. National distribution has the potential to provide access to 1,000’s of established dealer / integrator / contractor businesses, thus providing the platform for rapid market penetration and accelerated sales growth.

After going through a process of evaluation and negotiation AARC and Consolidated Security Merchants Pty Ltd (**CSM**) have agreed and now have a formal Distribution Agreement in place. The distribution agreement between AARC and CSM took effect from the 1st July 2018.



CSM are a highly experienced solutions-based distribution company providing market leading solutions in electronic security technology to industry for both commercial and domestic markets. Their innovative and reliable range covers areas such as Integrated Access Control, CCTV, Alarms, Intercoms, Biometrics, Locking, Software solutions and now Wireless EVAC.

The CSM team has a solid reputation for collaborative partnerships, trusted business relationships, expertise and complimentary brands.

CSM operate through five branches across Australia in Melbourne (Head Office), Sydney, Brisbane, Perth and Adelaide. The team are dynamic and motivated individuals who work together to serve customers, trusted vendors and each other. CSM interact extensively with systems integrators and specifiers, they offer direct wholesale supplies, warehouse facilities, specialised training and a high level of back-up support, specifically geared to meet market demand.

Routes to Market – Export Direct and Distribution Sales

The route to market internationally is currently being explored with potential candidates.

2.6 Intellectual Property & Trademarks

AARC intends to carry out a formal Intellectual Property (IP) and Trade Mark (TM) Protection assessment upon receipt of funds from the capital raise process.

All of AARC's product designs use microprocessors with embedded code, software that cannot be accessed or hacked, this provides the company with a significant level of protection for its IP.

Notwithstanding this, AARC believe its new EVAC products, under development are inventive and innovative, as such it is the intention to engage an Intellectual Property Specialist organisation to assess its IP management and protection options.

Currently AARC Systems & AARC EVAC logos carry the TM symbol only and this is the limit of AARC Systems Trade Mark program.



AARC EVAC
Wireless Linked Emergency Alert System

One System addressing the many different types of Emergency Situations

- Evacuation
- Duress
- Lock Down
- First Aid
- All Clear
- Alert
- Drill
- Cancel
- Hidden Cancel

2.7 The AARC Team

2.7.1 Board and Key management

Mr Richard Wilson, Co-founder & Managing Director / CEO

Richard has had an extensive career in the Australian electronics industry, spanning over 40 years, as an owner manager, then as a CEO and Managing Director of Wiltronics.

Richard has moved into the Managing Director role to establish AARC as a market leader in the Australian security industry and to create export opportunities through the establishment of international distributors.

Mr Glenn Howlett, Co-founder & Director, CTO & Director Business Development

Glenn has a background with the CSIRO, as well as being the technical lead for major Information Technology and ICT projects over the years. His capacity to drive Sales and Marketing teams, while appreciating the intricate technical nuances and interconnectivity of AARC's technology and its applications stands him in good stead to drive AARC's technology to market interface.

Phillip Morton, Co-founder & Non-Executive Director

Philip began his career in wholesale electronics some 40 years ago, building his knowledge and expertise in the electronics industry with a focus on customer service. In an industry where the only constant over the years has been change, Philip has continually adapted and grown his technical and application knowledge as well as his expertise.

2.7.2 Advisers

Mr Andrew Mather, Advisory Board Chair

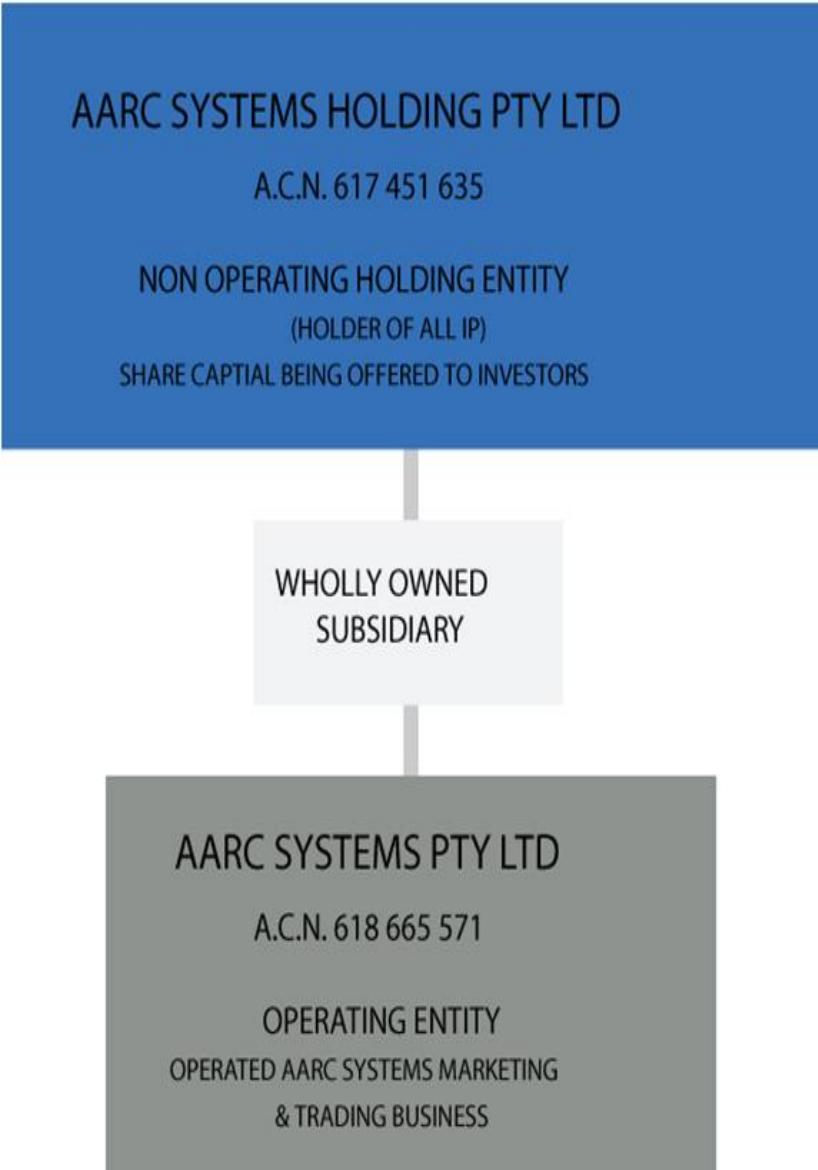
Andrew has 35 years' experience in the Professional Services Industry, with over 25 years' experience with one of the largest Global Consulting firms, WSP Global, a multi-national listed company. He has held various C-Suite positions within the WSP Group, managing the group's Profit and Loss across multiple disciplines, sectors and geographies. Andrew is a member of AICD, and brings a wealth of relevant business management, board experience and corporate governance expertise to AARC Systems.

As WSP Global Managing Director of their ANZ business and VP Development APAC, Andrew had P&L responsibility for revenues of \$150M as well as 1200 staff. Impressively he has overseen and been Client Director for large multi-use projects such as the \$3bn Queen's Wharf Integrated resort in Brisbane.

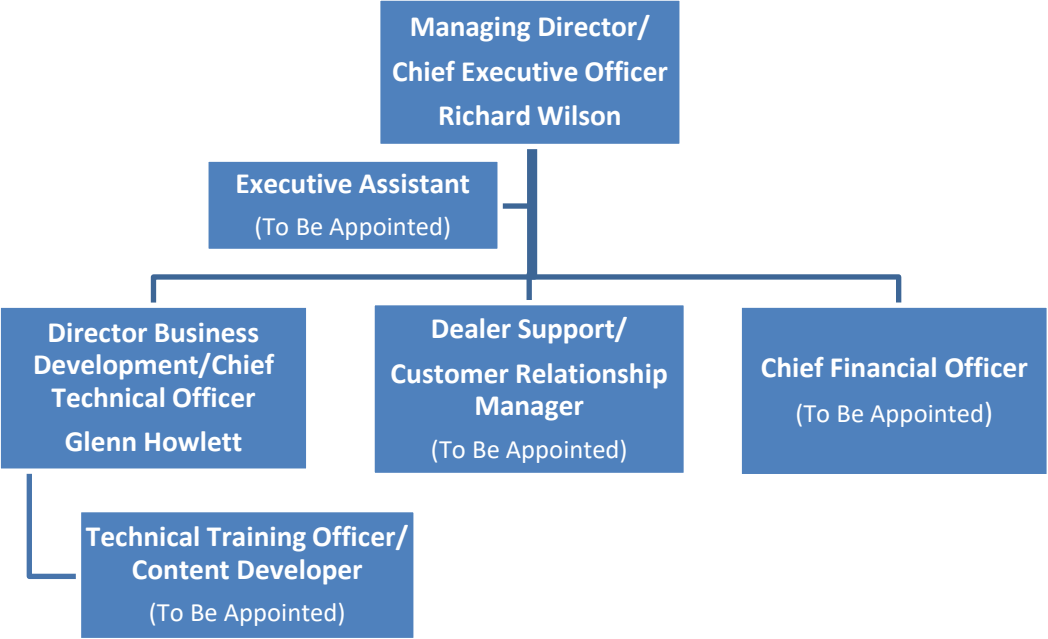
Andrew currently holds the position as Managing Director, Integral Group ANZ.

Holding a Degree in Electrical Engineering and a Degree in Commerce, Andrew is a Chartered Professional Electrical Engineer and a Fellow of Engineers Australia.

2.7.3 Corporate structure



2.7.4 Organisational structure



2.8 Capital structure

2.8.1 Issued capital

As at the date of this CSF offer document, the Company has 9,128,000 ordinary fully paid shares on issue.

There are no options on issue. The Company currently has no equity-based employee incentive scheme in place. The Board may establish an equity-based scheme in the future. Any equity-based employee scheme will be submitted to shareholders for adoption at a General Meeting.

Table 1 below, shows all ordinary shares issued including those held by Directors.

Table 1: Issued capital of the Company before the Offer

Shareholder	Share Type	Shares	% Equity
Directors	Ordinary	7,770,000	85.12%
Other Shareholders	Ordinary	1,358,000	14.88%
Total	N/A	9,128,000	100.00%

A copy of the Company’s Constitution is available on the Intermediary’s platform.

Director loans

Prior to incorporation, all of the R&D, product development, market research and other activities were funded by the Company’s founding shareholders and Directors.

At the time of making this Offer, there are no Director or Company loans.

2.9 The Crowd-funding Offer

2.9.1 Details of Current CSF Capital Raise

The Company is raising up to \$1,008,000 through the issue of 1,600,000 fully paid ordinary shares at an Offer price of \$0.63 per share. The minimum raise amount is \$403,200.

Table 2 below sets out the issued capital of the Company following successful close of the Offer.

Table 2: Issued capital of the Company following the Offer

Shares	Minimum Subscription	Maximum Subscription
Directors	7,770,000 (79.55%)	7,770,000 (72.43%)
Other shareholders	1,358,000 (13.90%)	1,358,000 (12.66%)
Offer shares	640,000 (6.55%)	1,600,000 (14.91%)
Total shares on issue (fully diluted basis)	9,768,000 (100.00%)	10,728,000 (100.00%)



First Aid

Improved First Aid response time to accidents, injuries and medical incidents.



Duress

Provide additional security & peace of mind for health professionals and 'front of house' reception staff.



Lockdown

Provide Lockdown messages to secure buildings against external threats.



Evacuation

Evacuation Siren with Voice Messages, providing improved access to triggers and clear evacuation instructions.

2.10 Risks facing the business

An investment in the Company should be seen as high-risk and speculative. A description of the main risks that may impact our business is below. Investors should read this section carefully before deciding to apply for shares under the Offer.

Only the risks that the Company considers may significantly impact the success or failure of the business have been included. However, there are also other, more general, risks associated with the Company (for example, risks relating to general economic conditions or the inability to sell our shares).

KEY RISKS:

RELIANCE ON KEY MANAGEMENT

The responsibility of overseeing the day-to-day activities and the strategic management of the Company depends substantially on its directors, senior management and its key advisers.

BRAND

The Company's brands and its image are key assets to the Company. Should the brand or image be damaged in any way or lose its market appeal, the Company's business could be adversely impacted.

COMPETITION

Actions including those of competitors or changes in consumer preferences may adversely impact the Company's performance. New entrants may change the competitive landscape which could adversely impact the Company's market share, sales volumes and/or operating margins.

SUPPLIER RISKS

The Company uses contract services for manufacturing, packaging, delivery and distribution. Should a supplier be unable to supply materials or contract services, there is no certainty that the Company could source comparable products or services at the same price or at all.

INTELLECTUAL PROPERTY

The commercial value of the Company's intellectual property is dependent on legal protections provided by copyright, confidentiality, trademark, trade secrecy laws and other intellectual property rights. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained.

UNFORESEEN EXPENDITURE RISK

Although the Company is unaware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure plans of the Company.

REGULATORY RISK

The introduction of new legislation or amendments to existing legislation by governments, including the various licensing regimes which operate throughout Australia and overseas could adversely impact on the assets, operations, and ultimately, the financial performance of the Company and its Shares.

ECONOMIC AND FINANCING RISKS

General economic conditions may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

2.11 Financial information

The Company prepares management accounts each financial year. The comprehensive management accounts for the period 1 July 2017 – 30 June 2018 are attached in the Annexures.

AARC Systems Holding & AARC Systems (wholly owned subsidiary) Company Balance Sheet and Profit & Loss as at 28th February 2019 and FYE June 2018.

<u>Balance Sheet</u>			<u>Profit and Loss</u>		
<u>AARC Systems Holding Pty Ltd</u>			<u>AARC Systems Holding Pty Ltd</u>		
<u>As at 28 February 2019</u>			<u>YTD 28 February 2019</u>		
		FY June 18			FY June 18
Assets			Income		
Cash at Bank	\$ 4,617	\$ 10,956	Sales	\$ -	\$ -
Cash on Hand	\$ 100	\$ 100	Total Income	\$ -	\$ -
Loan - AARC Systems P/L	\$ 369,000	\$ 39,000	Expenses		
Total Current Assets	\$ 373,717	\$ 50,056	Accounting Fees	\$ 950	\$ -
Term Assets	\$ -	\$ -	Consulting Fees	\$ 23,100	\$ 9,775
Total Assets	\$ 373,717	\$ 50,056	Filing Fees	\$ 263	\$ 255
Liabilities			Insurance	\$ 6,063	\$ 5,448
Accounts Payable	\$ -	\$ -	Research & Development	\$ 28,015	\$ 23,287
GST	-\$ 2,948	\$ -	Total Expenses	\$ 58,391	\$ 38,765
Total Current Liabilities	-\$ 2,948	\$ -	Net Profit		
Term Liabilities	\$ -	\$ -		-\$58,391	-\$ 38,765
Total Liabilities	-\$ 2,948	\$ -	Statement of Cash Flows		
Net Assets			Receipts from Customers	\$ -	\$ -
	\$ 376,665	\$ 50,056	Payments to Suppliers	-\$58,391	-\$ 38,765
Equity			Net Cash Used	-\$58,391	-\$ 38,765
Issued Capital	\$ 550,100	\$ 165,100	Share capital issued	\$385,000	\$ 65,000
Current Year Earnings	-\$ 58,391	-\$ 38,765	Borrowings / GST	-332,948	-\$ 38,099
Retained Earnings	-\$115,044	-\$ 76,279	Net Decrease in Cash	-\$ 6,339	-\$ 11,864
Total Equity	\$ 376,665	\$ 50,056	Cash at Beginning of FY	\$ 10,956	\$ 22,820
			Cash at End of Period	\$ 4,617	\$ 10,956

<u>Balance Sheet</u>			<u>Profit and Loss</u>		
<u>AARC Systems Pty Ltd</u>			<u>AARC Systems Pty Ltd</u>		
<u>As at 28 February 2019</u>			<u>FYE YTD 28 February 2019</u>		
		FY Jun-18			FY Jun-18
Assets			Income		
Cash at Bank	\$ 62,962	\$ 12,805	Sales	\$ 43,103	\$ 112,385
Cash on Hand	\$ 60	\$ 60	Total Income	\$ 43,103	\$ 112,385
Accounts Receivable	\$ 6,338	\$ -	Less COGS	\$ 15,175	\$ 75,800
Stock on Hand	\$ 45,850	\$ -	Gross Profit	\$ 27,928	\$ 36,585
Total Current Assets	\$115,210	\$ 12,865	Expenses		
Term Assets	\$ -	\$ -	Assets < \$20,000	\$ 1,706	\$ -
Total Assets	\$115,210	\$ 12,865	Bank Fees	\$ 8	\$ -
Liabilities			Consulting & Accounting	\$ 11,867	\$ -
Loan - AARC Systems Holding	\$369,000	\$ 39,000	Filing Fees	\$ -	\$ 254
GST	-\$ 6,928	-\$ 12,021	Insurance	\$ 644	\$ -
Prepayments Received	\$ -	\$ 7,625	Management Fees	\$ -	\$ 90,000
Account Payable	\$ -	\$ 99,000	Marketing	\$ 23,006	\$ 42,130
Total Current Liabilities	\$362,072	\$ 133,604	Office Expenses	\$ 90	\$ 1,000
Term Liabilities	\$ -	\$ -	Rent	\$ 16,000	\$ 24,000
Total Liabilities	\$362,072	\$ 133,604	Superannuation	\$ 7,892	\$ -
Net Assets	\$246,862-	-\$ 120,739	Wages & Salaries	\$ 92,839	\$ -
Equity			Total Expenses	\$154,052	\$ 157,384
Issued Capital	\$ 60	\$ 60	Net Profit	\$126,124-	-\$ 120,799
Current Year Earnings	\$126,124-	-\$ 120,799			
Retained Earnings	\$120,798-	\$ -			
Total Equity	\$246,862-	-\$ 120,739			

Notes:

- AARC Systems Pty Ltd, as wholly owned entity of AARC, is the operating entity and where all trading revenues and expenditures are booked.
- The intercompany loan between AARC and AARC Sysytems Pty Ltd is non-interest bearing with no foreseeable repayment date and remains unsecured.

2.12 Statement of Changes in Equity

Statement of Changes in Equity as at 28th February 2019.

	Share Capital	Retained Earnings	Total Equity
Balance as at 1 st July 2017	\$100,100	\$(76,279)	\$23,821
Issue of Share Capital	\$65,000	\$0	\$65,000
Net income for the year	\$0	\$(38,765)	\$(38,765)
Balance as at 1 st July 2018	\$165,100	\$(115,044)	\$50,056
Issue of Share Capital	\$385,000	\$0	\$385,000
Net income to 28 th February 2019	\$0	\$(58,391)	\$(58,391)
Balance as at 28th February 2019	\$550,100	\$(173,435)	\$376,665

Section 3: Information about the Offer

3.1 Terms of the Offer

The Company is offering up to 1,600,000 shares at an issue price of \$0.63 per share to raise up to \$1,008,000.

The key terms and conditions of the Offer are set out in Table 3 below.

Table 3: Terms of the Offer

Term	Details
Shares	Fully-paid ordinary shares
Price	\$0.63 per share
Minimum Raise	\$403,200
Maximum Raise	\$1,008,000
Minimum Parcel Size	\$252
Maximum Parcel Size	\$10,000 (for retail investors)
Opening date	Wednesday 10 th , April 2019
Closing date	Friday, 31 st May 2019, unless closed earlier by the Intermediary

To participate in the Offer, you must submit an application together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription of \$1.008M is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF Offer document.

The Offer is not underwritten.

3.2 Use of funds

The money used in this fundraiser will be allocated as follows;

- Working Capital - provision of Raw Material and Finished Goods to meet the needs of the market.
- Technology and Applications Development.
- Assessment of Intellectual Property protection.
- Domestic and International Distribution Development.
- Codes and Standards Development including PBD.
- On board suitably, qualified professionals to execute the business plan.
- Drive Codes and Standards development across the target markets.
- Drive the adoption of PBD project dispensation when applicable.

Table 4 below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

Table 4: Use of funds

Intended use	Year 1: Minimum Subscription	Year 1: Maximum Subscription	Year 2: Minimum Subscription	Year 2: Maximum Subscription
Research and Development	\$140,000	\$250,000	\$50,000	\$150,000
International Regulatory approvals	\$20,000	\$40,000	\$10,000	\$10,000
Sales and Marketing	Nil	\$40,000	Nil	\$40,000
Production	Nil	Nil	Nil	\$80,000
Working capital	\$119,200	\$188,000	\$40,000	\$150,000
Offer costs	\$24,000	\$60,000	Nil	Nil
Total funds	\$303,200	\$578,000	\$100,000	\$430,000

In Table 4, 'working capital' includes overhead expenses, employee wages and director remuneration. It also includes capital allocation for inventory to support sales growth with the Company requiring larger inventory orders and other raw materials. Other costs to support the production and sales of the Company's product include freight, storage, overhead expenses and general administration. The working capital allocations are likely to vary based on the product mix sold, changes in distribution channel sales volumes and export market sales.

Details of payments to be made to directors and senior managers are itemised below:

- Managing Director's remuneration: \$100,000 fixed for FYE 2020.
- Director/BDM remuneration: \$100,000 fixed for FYE 2020.
- Other Non-Executive Directors' total remuneration: \$40,000 combined maximum for FYE 2020.

Statutory superannuation is paid on remuneration. From time to time, the Board may also set short or long-term incentives that will be subject to achieving key performance indicators as set by the Board from time to time. Senior Executives will not be eligible for any incentive payments for the financial year ending 30 June 2020.

The Advisors are currently unpaid but the Board intends to review and establish an appropriate remuneration policy for the Company that reflects the ongoing support of the directors and advisors and the importance of attracting and retaining experienced directors and advisors.

The Board review will consider available benchmarks for directors' fees paid for companies like AARC and alignment of fees with outcomes.

The costs of the Offer include;

- (i) the Intermediary's fees under the hosting agreement dated 4th March 2019 between AARC and the Intermediary. These fees include a 6% capital raising fee (GST exclusive) of the equity raised by Crowd88 Ltd; and

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

We expect that the Maximum Subscription amount will be sufficient to meet the Company's short-term objectives over the next 18–24 months.

If only the Minimum Subscription amount is raised, the Company will require further funding to be able to carry out our intended activities over the next 12–18 months. In such circumstances, the Company may consider undertaking a further crowd-sourced funding (CSF) offer under the CSF regime. Until additional funding is obtained, we will scale back sales and marketing and production activities and continue to focus our cash resources on targeted marketing efforts that lead to sales generation.

3.3 Rights Associated with the Shares

Immediately after issue, the shares will be fully-paid ordinary shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. A summary of these rights is set out below. A copy of the constitution is attached in the Annexure to this offer document and is available on the Intermediary's platform.

3.3.1 Voting rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

3.3.2 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (50%).

3.3.3 General meetings and notices

Directors have the power to call meetings of all shareholders. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.

3.3.4 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

3.3.5 Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to holders of ordinary shares after secured and unsecured creditors of the Company. There are only fully-paid ordinary shares on issue following a successful close of the CSF Offer.

3.4 Details of previous CSF Offers

The Company has not made any previous CSF Offers.

Section 4: Information about investor rights

4.1 Cooling-off rights

You have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within **five (5) business days** of making your application (the Cooling-off Period).

You must withdraw your application via the Intermediary's platform as follows;

1. Log on to the Crowd88 platform.
2. Go to your profile page and click on "My Investments".
3. Click the withdrawal button shown against your investment. Note: the withdrawal button will only display for five business days following your application.

If you have any questions regarding the process to withdraw your application please contact Crowd88 via email (info@crowd88.com).

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

4.2 Effect of the corporate governance concessions

4.2.1 Annual general meetings

The Company is not required to hold an annual general meeting (AGM) for up to five years – being from 17th February 2017 (assuming the Company continues to meet the eligibility requirements).

This means that shareholders will not be provided with an opportunity to directly question the directors and management in an open forum about the management, business operations, financial position or performance of the Company, as this would usually take place at the AGM.

However, the directors of the Company may still be required to hold a general meeting in other circumstances, for example, where requested to by shareholders with at least 5% of the votes that may be cast at a general meeting.

If shareholders have any queries or concerns about the Company, they should contact the company secretary directly as per below;

AARC Systems Holding Pty Ltd
5 – 7 Ring Road
Alfredton, VIC 3350

T: (03) 5334 2865
E: info@aarcsystems.com
Attn: The Company Secretary

4.2.2 Annual report

The Company is required to prepare annual financial reports and directors' reports at the end of each financial year and lodge these with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

Provided the Company continues to meet the eligibility requirements under the CSF regime, the Company is **not** required to have its financial reports audited for up to five years – being from 17th February 2017.

This means that the Company's financial reports will not be subject to auditor oversight and, therefore, there will be no independent assurance of the Company's financial statements.

However, the directors of the Company are still required to make a declaration that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

4.2.3 Distribution of annual report

Provided the Company continues to meet the eligibility requirements under the CSF regime, the Company is **not** required to notify shareholders in writing of the options to receive or access the annual report.

Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's website at the following address www.aarcsystems.com or from ASIC, free of charge.

4.3 Communication facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

Glossary

Company means AARC Systems Holding Pty Ltd, ACN 617 451 635.

Cooling-off Period means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money.

CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act.

Intermediary means Crowd88 Ltd, ACN 609 908 009, AFSL 507 867.

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer.

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer.

Offer means an offer of fully-paid ordinary shares by the Company under this CSF offer document.

Re-Designing...

Safety & Security Incident Response



First Aid Assist

- Medical Emergency
- Illness
- Injury



Duress

- Occupational Violence
- Robbery
- Disruptive Behaviour



Evacuation

- Gas Leak
- Natural Disaster
- Bomb Threat



Lock Down

- External Threat
- Natural Disaster
- Dangerous Chemical Release
- Bomb Threat

All in One System!

Wireless Linked Emergency Alert System

Annexure

1.1 Company Constitution

1.2 AARC Systems Holding Pty Ltd Annual Accounts for the year ended 30 June 2018.

1.3 AARC Systems Pty Ltd Annual Accounts for the year ended 30 June 2018.

1.4 2019 PNG Security Congress Award Winners

1.5 Total Available Market – Australia

1.6 Total Available Target Export Market Australia – United Kingdom and the United States of America

All documents are available on the Intermediary's platform under the AARC Systems Offer page.