

NOTICE OF PS&C LIMITED GENERAL MEETING

Notice is hereby given that a General Meeting (**Meeting**) of PS&C Limited will be held via Lumi video / teleconference software at 11am (AEDT) on 26 October 2020.

In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No.1) 2020 made by the Commonwealth Treasurer on 5 May 2020, the Company will not be dispatching physical copies of the Notice. Instead the Notice of Meeting and accompanying explanatory statement (**Meeting Materials**) are being made available to shareholders electronically. This means that:

- To access the Lumi video / teleconference software at 11am (AEDT) on 26 October 2020 please enter the URL into your browser: <https://web.lumiagm.com/361475210>
- You can access the Meeting Materials online at the Company's website www.pscgroup.com.au or at our share registry's website www.InvestorServe.com.au by logging in and selecting Company Announcements from the main menu.
- A complete copy of the Meeting Materials has been posted to the Company's ASX Market announcements page.
- If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting materials and the proxy form.

If you would like to receive electronic communications from the Company in the future, please update your communication elections online at www.InvestorServe.com.au. If you have not yet registered, you will need your shareholder information including SRN/HIN details.

If you are unable to access the Meeting Materials online please contact our share registry Boardroom Pty Limited on enquiries@boardroomlimited.com.au or 1300 737 760 (within Australia) or +61 2 9290 9600 (Outside Australia) between 8:30am and 5:30pm (AEST/AEDT) Monday to Friday, to arrange a copy.

As a result of the potential health risks and the Governments restrictions in response to the COVID-19 pandemic, the Company encourages all shareholders to lodge a directed proxy form prior to the meeting as no shareholders will be able to attend the meeting in person.

Yours sincerely,



Vesna Jelesic
Company Secretary
22 September 2020

PS&C Limited

(ACN 164 718 361)

Notice of General Meeting

Notice is hereby given that a General Meeting of PS&C Limited (ACN 164 718 361) ('PS&C' or 'Company') will be held at the time and location, and to conduct the business, specified below:

Date:	26 October 2020
Registration:	10:30am (AEDT)
Meeting Start Time:	11:00am (AEDT)
Location:	Due to Australian Government restrictions the meeting will be held via Lumi video / teleconference software, with no Shareholders able to physically attend. <i>(Refer to the Notes annexed for further details of how to attend the meeting).</i>

Business

The following business will be conducted:

1. Sale of wholly owned PS&C Melbourne Consulting Business subsidiaries

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 1

"That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the Company and its subsidiaries: Systems and People Pty Ltd, Bexton IT Services Pty Ltd, Sacon Group Pty Ltd, Coroma Consulting Pty Ltd, Seisma Pty Ltd, Artisan Consulting Pty Ltd (**Melbourne Consulting Businesses**), to complete the Melbourne Consulting Business Share Sale Transaction on the terms and conditions set out in the Share Sale and Purchase Deed." *(Refer to the Explanatory Statement annexed for*

for personal use only
further details).

An Independent Expert has determined that the Melbourne Consulting Business Share Sale Transaction, the subject of the Resolution in this Notice of Meeting, is fair and reasonable to the non-associated Shareholders.

Voting Exclusion Statement

The Company will disregard any votes cast on the Resolution by or on behalf of a party to the Melbourne Consulting Business Share Sale Transaction and any associate of that party (or those parties), namely:

- (a) LVP Technology Services Pty Ltd ACN 643 786 118;
- (b) Robert Hogeland;
- (c) Mark Wighton;
- (d) Richard Clarke; and
- (e) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares in the Company if the Resolution is passed (and any of its associates).

However, the Company need not disregard a vote cast in favour of the Resolution if:

- (a) it is cast by a person as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the proxy or attorney to vote on the Resolution in that way on the Voting Form; or
- (b) it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the chair to vote on the Resolution on the Voting Form to vote as the chair decides; or
- (c) it is cast by a person as a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Change of Company Name to Future First Technologies Ltd

To consider, and if thought fit, pass the following resolution as a **Special Resolution**:

Resolution 2

“That, for the purposes of section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to “Future First Technologies Ltd” effective from the date ASIC alters the details of the Company’s registration to reflect the new name.” *(Refer to the Explanatory Statement annexed for further details).*

3. Approval of proposed issue of Ordinary Shares to Nicholas Chan

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 3

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given for the issue of 2,000,000 Ordinary Shares to Mr Nicholas Chan, Non-Executive Director, on the terms described in the Explanatory Statement annexed”. *(Refer to the Explanatory Statement annexed for further details).*

Voting Exclusion

The Company will disregard any votes cast in favour of this resolution by or on behalf of:

- (a) Mr Nicholas Chan or any associate of Nicholas Chan; and
- (b) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person.

However, the Company will not disregard a vote on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides; or
- (c) it is cast by a person as a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Except for the Chairman of the meeting, when authorised to vote an undirected proxy (as described above), members of the key management personnel and their closely related parties may not vote as proxy on this resolution unless the proxy appointment specifies the way the proxy is to vote on this resolution.

4. Approval of proposed issue of performance rights to Nicholas Chan

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 4

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the issue of 20,000,000 options under the PS&C Employee & Directors Benefit Plan to Mr Nicholas Chan, Director, on the terms described in the Explanatory Statement annexed”. *(Refer to the Explanatory Statement annexed for further details).*

Voting Exclusion

The Company will disregard any votes cast in favour of this resolution by or on behalf of:

- (a) a Director of the Company; or
- (b) any associate of a Director of the Company; or
- (c) a person whose relationship with the entity or a person referred to in Listing Rule 10.4.1 or 10.14.2 is such that, in ASX’s opinion, the acquisition should be approved by security holders.
- (d) a person who is entitled to participate in the PS&C Employee & Directors Benefit Plan, or any associates of those persons.

However, the Company will not disregard a vote on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides; or
- (c) it is cast by a person as a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Except for the Chairman of the meeting, when authorised to vote an undirected proxy (as described above), members of the key management personnel and their closely related parties may not vote as proxy on this resolution unless the proxy appointment specifies the way the proxy is to vote on this resolution.

5. Approval of proposed issue of Ordinary Shares to Nicole Ferro

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 5

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given for the issue of 500,000 Ordinary Shares to Ms Nicole Ferro, Non-Executive Director, on the terms described in the Explanatory Statement annexed”. *(Refer to the Explanatory Statement annexed for further details).*

Voting Exclusion

The Company will disregard any votes cast in favour of this resolution by or on behalf of:

- (a) Ms Nicole Ferro or any associate of Nicole Ferro; and
- (b) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person.

However, the Company will not disregard a vote on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides; or
- (c) it is cast by a person as a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Except for the Chairman of the meeting, when authorised to vote an undirected proxy (as described above), members of the key management personnel and their closely related parties may not vote as proxy on this resolution unless the proxy appointment specifies the way the proxy is to vote on this resolution.

6. Approval of proposed issue of Ordinary Shares to Renata Sguario

To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 6

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given for the issue of 500,000 Ordinary Shares to Ms Renata Sguario, Non-Executive Director, on the terms described in the Explanatory Statement annexed”. *(Refer to the Explanatory Statement annexed for further details).*

Voting Exclusion

The Company will disregard any votes cast in favour of this resolution by or on behalf of:

- (a) Ms Renata Sguario or any associate of Renata Sguario; and
- (b) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person.

However, the Company will not disregard a vote on this resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction of the Proxy Form to vote as the proxy decides; or
- (c) it is cast by a person as a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Except for the Chairman of the meeting, when authorised to vote an undirected proxy (as described above), members of the key management personnel and their closely related parties may not vote as proxy on this resolution unless the proxy appointment specifies the way the proxy is to vote on this resolution.

By order of the Board of Directors

Date 22 September 2020

NOTES

The Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Questions from shareholders

In order to provide an equal opportunity for all Shareholders to ask questions of the Board, we ask you to submit in writing any questions to the Company.

Please send your questions to:

The Company Secretary, PS&C Limited, Level 11, 410 Collins Street, Melbourne, VIC 3000
T. 03 9682 2699
E. hello@pscgroup.com.au

Written questions must be received by no later than 7.00pm (AEDT) on Friday 16 October 2020.

Your questions should relate to matters that are relevant to the business of the General Meeting, as outlined in this Notice of Meeting and Explanatory Statement. A reasonable opportunity will also be provided to Shareholders attending the General Meeting online to ask questions of the Board which are relevant to the resolutions and business of the meeting, which the Chairman will seek to address to the extent reasonably practicable. However, there may not be sufficient time to answer all questions at the General Meeting. Please note that individual responses may not be sent to Shareholders.

VOTING ENTITLEMENTS

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Board has determined that, for the purpose of voting at the meeting, members are those persons who are the registered holders of shares at 7:00pm (AEDT) on Wednesday 21 October 2020.

PROXIES

In accordance with section 249L of the Corporations Act 2001 (Cth):

A member who is entitled to attend and vote at the General Meeting may appoint a proxy. A proxy can be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- (a) appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act 2001 (Cth); and
- (b) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If satisfactory evidence of appointment as corporate representative is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

If a shareholder is entitled to cast two or more votes they may appoint two proxies and may

specify the percentage of votes each proxy is appointed to exercise. If the proxy appointments do not specify the proportion of the member's voting rights that each proxy may exercise, each proxy may exercise half of the member's votes. A proxy need not be a member.

To be effective, the proxy form (and, if the appointment is signed by the appointer's attorney, the authority under which it was signed or a certified copy of the authority) must be received by the Company's share registry, Boardroom Pty Limited, no later than 48 hours prior to the commencement of the General Meeting which will be held at 11:00am (AEDT), on 26 October 2020.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business.

The Chairman of the Meeting intends to vote undirected proxies able to be voted in favour of all items of business.

The completed proxy form may be:

Mailed/delivered to the Company's share registry, Boardroom Pty Limited at:

Street Address:	Postal Address:	Street Address:
Boardroom Pty Limited	Boardroom Pty Limited	Boardroom Pty Limited
Level 12, 225 George Street, Sydney NSW 2000	GPO Box 3993, Sydney NSW 2001	+61 2 9290 9655

Or lodged online at <https://www.votingonline.com.au/pszgmoct2020>

CORPORATE REPRESENTATIVES

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act 2001 (Cth) in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act 2001 (Cth). The Certificate must be lodged with the Company before the meeting. The Company will retain the certificate.

Online Voting Procedures during the Meeting

Shareholders who wish to participate in the Meeting online may do so:

- From their computer, by entering the URL into their browser:
<https://web.lumiagm.com/361475210>
- From their mobile device by either entering the URL in their browser:
<https://web.lumiagm.com/361475210> or by using the Lumi AGM app, which is available by downloading the app from the Apple App Store or Google Play Store.

If you choose to participate in the Meeting online or through the app, you can log in to the meeting by entering:

- The meeting ID, which is - 361475210
- Your username, which is your Boardroom S number (located on any recent statement or documentation)

- For personal use only
3. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the user guide for their password details.
 4. If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760

Attending the meeting online enables shareholders to view the Meeting live and to also ask questions and cast direct votes at the appropriate times whilst the meeting is in progress.

More information regarding participating in the Meeting online can be found by visiting www.pscgroup.com.au or at the end of this Notice of Meeting.

EXPLANATORY STATEMENT

Introduction

This Explanatory Statement has been prepared for the shareholders of PS&C Ltd (**Company**) to provide information about the items of business to be considered at the General Meeting of shareholders to be held on 26 October 2020.

Resolutions 1, 3, 4, 5, and 6 are to be voted on as ordinary resolutions. Ordinary resolutions require a simple majority of votes cast by shareholders entitled to vote on the resolution.

Resolution 2 requires a special resolution. A special resolution requires at least 75% of votes cast by shareholders entitled to vote on the resolution to be in favour of the resolution for it to be passed.

ITEM 1 - Sale of PS&C's wholly owned Melbourne Consulting Business subsidiaries

Resolution 1 - Sale of PS&C's Melbourne Consulting Business subsidiaries

General Background

PS&C has entered into a binding Share Sale and Purchase Deed (**SSPD**) with LVP Technology Services Pty Ltd (**Buyer**) to sell its wholly owned Melbourne Consulting Business which comprises the following wholly owned subsidiaries:

- Systems & People Pty Ltd;
- Bexton IT Services Pty Ltd;
- Sacon Group Pty Ltd;
- Coroma Consulting Pty Ltd;
- Seisma Pty Ltd; and
- Artisan Consulting Pty Ltd.

(Melbourne Consulting Business or Melbourne Consulting Businesses)

The Board has commissioned an Independent Expert to determine if the transaction is fair and reasonable and this report (as set out in Annexure 1) forms part of this Notice of Meeting. The Board recommends Shareholders read this report in its entirety prior to voting on this Resolution.

Director recommendations and voting intentions

The Directors have no personal interest in the outcome of the Resolution, other than from Robert Hogeland's ongoing involvement as an executive with the Buyer, and unanimously recommend that Shareholders vote **IN FAVOUR** of the Resolution.

In relation to the Resolution in which each Director gives a recommendation and in consideration of the findings of the Independent Expert's Report, each Director is of the opinion that the Melbourne Consulting Business Share Sale Transaction contemplated by the Resolution is in the best interests of Shareholders for the reasons outlined in more detail throughout this Explanatory Statement.

Background to the Melbourne Consulting Business Share Sale Transaction

Share Sale and Purchase Deed

The Company has entered into the SSPD dated 28 August 2020 for the sale of its shares in Melbourne Consulting Businesses (wholly owned subsidiaries of the Company) to the Buyer, subject to Shareholder approval.

The Directors approved the Company entering into the SSPD on 28 August 2020.

The key terms of the SSPD are set out in paragraphs (i) to (ix) below. The SSPD is otherwise on terms that are customary for agreements of this nature.

The material terms of the SSPD are as follows:

- (i) **(Disposal)**: On completion of the transaction, PS&C will dispose of its subsidiaries, the Melbourne Consulting Businesses, by transferring its 100% holding of shares in the Melbourne Consulting Businesses to the Buyer.
- (ii) **(Consideration)**: The consideration payable by the Buyer for the shares in Melbourne Consulting Business is a cash consideration of \$23,000,000 (subject to adjustment for working capital and net debt).
- (iii) **(Assets and Liabilities)**: All assets and liabilities required to operate the business including debtors and creditors of the business are included in the sale.
- (iv) **(Working capital)**: Following completion of the transaction there will be a customary purchase price adjustment in the event that there is less than \$2,000,000 or greater than \$2,600,000 of net working capital in the Melbourne Consulting Business businesses at the time of Completion. \$500,000 of consideration will be deferred by the Buyer until the working capital adjustment has been determined and paid.
- (v) **(Conditions precedent)**: The transaction is subject to various conditions precedent including shareholder approval, novation of key contracts, transfer of employees and contractors, no material adverse change or breach of warranty, obtaining change in control consents and all necessary consents and approvals being obtained.
- (vi) **(Warranties and indemnities)**: customary warranties and indemnities are given by the Company in favour of the Buyer in respect of the Melbourne Consulting Businesses;
- (vii) **(Restraint)**: the Company and certain key managers have agreed to be bound by various restraints for up to three years post-Completion;
- (viii) **(Other terms)**: the SSPD imposes other obligations on the Company which are customary for a transaction of this nature and size including pre- and post-completion conduct restrictions and obligations in relation to the transfer of employees, contractors and customer contracts which, although, held in the legal name of the Company, relate solely to the Melbourne Consulting Business;
- (ix) **(Completion)** The parties expect that, subject to the satisfaction or waiver of the other conditions precedent, Completion will occur on 30 October 2020.

Details of Melbourne Consulting Businesses

The Melbourne Consulting Businesses are wholly owned subsidiaries of the Company and provide professional services predominantly in Melbourne, Victoria.

Advantages of the Melbourne Consulting Business Share Sale Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Melbourne Consulting Business Share Sale Transaction:

- (i) allows the Company to realise the underlying value of the Melbourne Consulting Business;
- (ii) is in line with PS&C's strategy to build shareholder value through direct ownership and commercialisation of digital assets in significant growth markets;
- (iii) the funds raised as part of the Melbourne Consulting Business Share Sale Transaction will, after consideration is given to the short-term working capital requirements of the remaining operations, allow the Company to consider, subject to shareholder approval, a capital return via a selective share buy-back;
- (iv) the Company will be in a better position to seek other acquisition opportunities in line with PS&C's stated strategy;
- (v) the Melbourne Consulting Business Sale Transaction will enable the Company to discharge its remaining liabilities and further reduce its overall operating costs associated with operating the business;
- (vi) the balance will provide the Company with improved financial flexibility necessary to advance its strategy to own and commercialise digital assets in significant growth markets;
- (vii) the transaction has been negotiated and agreed after a significant sale process that has run for more than six months with no other viable alternative being presented to the Company; and
- (viii) the Melbourne Consulting Business Share Sale Transaction has been agreed and the SSPD has been entered into by the parties, providing certainty of the consideration receivable by the Company under the SSPD.

Disadvantages of the Melbourne Consulting Business Share Sale Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Melbourne Consulting Business Share Sale Transaction:

- (i) the Company will no longer be the direct legal and beneficial holder of Melbourne Consulting Business;
- (ii) the Company will be changing the nature and scale of its activities through the disposal of the Melbourne Consulting Business; and
- (iii) If the Company continued to market the sale of Melbourne Consulting Business on the open market, it may be able to obtain a higher purchase price, even after marketing and due diligence costs.

Effect of the Melbourne Consulting Business Share Sale Transaction not proceeding

Should the Melbourne Consulting Business Share Sale Transaction not proceed, the \$23,000,000 (as adjusted under the terms of the SSPD) committed by the Buyer will not be payable and a break fee of \$500,000 will be payable by the Company to the Buyer.

The Company may be forced to pursue other transactions or procure funding through other means, which is a costly redirection of the Company's resources away from progressing its business strategy to own and commercialise digital assets in significant growth markets.

The Melbourne Consulting Business Share Sale Transaction is important in ensuring that the Company can continue to develop its owned digital asset - *farmbuy.com* - and continue with assessment of potential targeted acquisitions of other digital assets in significant growth markets.

Involvement of key executives

As mentioned above, three key managers are parties to the SSPD for the purposes of giving restrictive covenants in favour of the Buyer. The key managers, Robert Hogeland, Mark Wighton and Richard Clarke, are shareholders of the Company either directly or through associated entities, and Robert Hogeland is also a director of the Company. On Completion, each of these individuals (or entities associated with them) will subscribe for shares in the Buyer.

Due to their ongoing involvement with the Buyer, these key managers will be excluded from voting, as noted in the Resolution's voting exclusion statement.

Resolution – Melbourne Consulting Business Share Sale Transaction

(a) General

Pursuant to ASX Listing Rules 11.2, for the Company to complete the Melbourne Consulting Business Share Sale Transaction, Shareholder approval must be obtained.

(b) ASX Listing Rule 11.2

ASX Listing Rule 11.2 states that a listed entity may not dispose of its main undertaking without shareholder approval first having been obtained.

Main Undertaking

For the purposes of ASX Listing Rule 11.2, in considering a main undertaking, the ASX generally applies a 50% "rule of thumb" in assessing whether a business constitutes the main undertaking of a listed entity. The Melbourne Consulting Business is considerably over the 50% threshold and therefore comprises the main undertaking of the Company for the purposes of ASX Listing Rule 11.2.

Requirement for shareholder approval

As a result of the above conclusions, the completion of the Melbourne Consulting Business Share Sale Transaction will result in the disposal of the main undertaking, the Company seeks Shareholder approval for the purposes of ASX Listing Rule 11.2.

(c) Independent Expert's Report

ASX Listing Rules Chapter 11 does not require a notice of meeting to include a report on the transaction from an independent expert for the purposes of Listing Rule 11.2, however, the Board considers that it is appropriate in this instance to provide one for the purposes of determining fair value for the transaction.

The Independent Expert's Report accompanying this Explanatory Statement, prepared by RSM Corporate Australia Pty Ltd, sets out a detailed independent examination of the Melbourne Consulting Business Share Sale Transaction to enable Shareholders to assess the merits and decide whether to approve the Melbourne Consulting Business Share Sale Transaction.

The Independent Expert's Report accompanying this Notice of Meeting sets out further information with respect to the Melbourne Consulting Business Share Sale Transaction and concludes that it is fair and reasonable to the Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

Impact of the Melbourne Consulting Business Share Sale Transaction on the Company

If the Resolution is approved by Shareholders, and assuming the Melbourne Consulting Business Share Sale Transaction proceeds to Completion, the proforma financial impact of the transaction is set out below:

(i) Proforma financial impact

Particulars	PS&C Limited for the year ended 30 June 2020	Proceeds from sale of Melbourne Consulting Business if at 30 June 2020	After Completion of sale of Melbourne Consulting Business
Total securities on issue	501,103,515		501,103,515
Total cash and cash equivalents	\$1,477,504	\$23,000,000 ¹	\$24,477,504
Total consolidated assets	\$45,424,264	(\$5,264,649) ²	\$40,159,615
Total Consolidated Liabilities	\$8,360,482	-	\$8,360,482
Revenue	\$51,129,285	(\$51,126,903)	\$2,382
Expenditure	\$51,046,360	(\$45,627,068)	\$5,419,292
Net Profit/(Loss) Before Tax	\$3,442,572	(\$5,501,550)	(\$2,058,978)
Net Profit/(Loss) After Tax	\$3,036,124	(\$5,501,550)	(\$2,465,428)

¹before transaction costs

²sale of the Melbourne Consulting Business will result in a loss on sale of segment of \$5,264,649, being the difference in the carrying value of the business segment net assets (including goodwill) and the sale consideration.

(ii) How the proceeds will be used

Particulars	Amount
Transaction and transaction related costs	\$1,750,000
Proposed acquisition of Asset Vision ¹	\$7,000,000
Working capital	\$4,250,000
Return of capital ²	\$10,000,000
Total Proceeds	\$23,000,000

¹subject to finalisation of Sale and Purchase documentation

²subject to finalisation of the proposed acquisition of Asset Vision and any changes in the capital requirements of the Company prior to the capital return completing. Any capital return will be via a selective return of capital subject to shareholder approval.

(iii) Proposed changes to the Company's board or senior management

Under the terms of the Melbourne Consulting Business Share Sale Transaction, the Acting Chief Executive Officer, Robert Hogeland, will step down and also resign from the board. In addition, operational management of the Melbourne Consulting Business will also leave the company.

The remainder of the current board will remain in place as will the company's current Chief Financial Officer and Company Secretary.

It is the boards current intention to fill the vacant CEO and Executive Board position from within the business which will be announced to the market in due course.

Indicative Timetable

Subject to the ASX Listing Rules and the Corporations Act requirements, the Company anticipates completion of the Melbourne Consulting Business Share Sale Transaction in accordance with the following timetable (which is subject to change by the Company without prior notice to Shareholders):

Event	Date
Execution of the SSPD	28 August 2020
Announcement of the Melbourne Consulting Business Share Sale Transaction	28 August 2020
Dispatch of Notice of Meeting	23 September 2020
General Meeting to approve the Resolution	26 October 2020
Settlement of the Melbourne Consulting Business Share Sale Transaction (provided the Resolution is passed)	30 October 2020

Recommendation

The Directors recommend voting in favour of this resolution. The Chairman of the meeting will be voting any undirected proxies in favour of this resolution

ITEM 2 – Change of Company Name

Resolution 2 - Company to change name to Future First Technologies Ltd

With the proposed sale of the Melbourne Consulting Businesses, the Board of the Company is of the opinion that the Company change its name to **Future First Technologies Ltd** which more accurately reflect the proposed future operations and ventures. The change of name will take effect from when ASIC alters the details of the Company's registration to reflect the new name.

This change in name will not in itself affect the legal status of the Company or any of its assets or liabilities.

Further, for the purposes of section 136(2) of the Corporations Act and for all other purposes, all references to PS&C Ltd in the constitution of the Company are to be replaced with references to Future First Technologies Ltd.

New name for PS&C Ltd: the rationale for change

The name "PS&C" stemmed from the combination of businesses that formed the foundation of the company when it listed on the ASX back on 29 November 2013 under three key business units – "People", "Security" and "Communications".

On 22 November 2018 the company divested the Allcom Networks business which made up PS&C's "Communications" assets.

On 10 December 2019 the company divested its "Security" assets to ASX Listed Tesseract Limited.

The Melbourne Consulting Business falls under the "People" business unit.

Future First Technologies Ltd

The new name has been chosen to reflect the continuation of the company as a technology company, focused on owning and commercialising digital assets in significant growth markets.

ASX Ticker Code

The company also proposes to change its ASX ticker code from "**PSZ**" to "**FFT**" to reflect this change, subject to confirmation by ASX.

Special Resolution

The proposed name has been reserved with ASIC by the Company and if this resolution is passed the Company will lodge a copy of the Special Resolution with ASIC following the Meeting in order to effect the change.

Pursuant to section 157(1) of the Corporations Act, a change in Company name can only be effected by way of a Special Resolution passed by its Shareholders. Therefore, this resolution is a Special Resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on this resolution are voted in favour.

Recommendation

The Directors recommend voting in favour of this resolution. The Chairman of the meeting will be voting any undirected proxies in favour of this resolution.

ITEM 3 – Approval of proposed issue of Ordinary Shares

Resolution 3

Issue of Ordinary Shares to Nicholas Chan

ASX Listing Rule 10.11 prevents the Company from issuing securities to Directors, unless approved by the members of the Company.

The Company is entitled to issue shares, options and/or performance rights to Directors, officers, employees and contractors, subject to such terms and restrictions as the Board identifies and at issue or exercise prices as the Board determines.

For the purposes of aligning his interests with shareholders the Board has decided to issue Nicholas Chan, Non-Executive Director, with 2,000,000 Ordinary Shares for nil consideration in accordance with his Letter of Offer as a Non-Executive Director of the Company. Nicholas Chan will also receive remuneration in the form of director's fees in the amount of \$70,000 per annum.

The Company is now seeking shareholder approval for the issue of Ordinary Shares on the terms outlined below.

To enable the members to approve the resolution under Item 3, the following information is provided in compliance with ASX Listing Rule 10.13:

Shares issued to Nicholas Chan	
Issue Date:	Within 30 days of approval of the members
Number of Securities:	2,000,000 Ordinary Shares
Issue Price:	Issued for nil Consideration
Terms of Issue:	The Shares rank equally with all existing Shares on issue
Allottee:	Nicholas Chan
Use of funds:	No funds will be raised as the Shares are to be issued for nil Consideration

If the members of the Company approve the resolution, Nicholas Chan will receive 2,000,000 Ordinary Shares. If members of the Company do not approve the resolution, Nicholas Chan will not be issued with 2,000,000 Ordinary Shares. Issues may arise with the competitiveness of the remuneration package on offer and the alignment of rewards with other directors. The Company may need to consider alternative remuneration arrangements.

If this resolution is passed, the issue of Ordinary Shares to Nicholas Chan will not affect the Company's ability to issue shares under its placement capacity.

Note: Pursuant to ASX Listing Rule 7.2 Exception 14, where Shareholders approval under ASX Listing Rule 10.11 is given, approval under ASX listing Rule 7.1 is not required.

Recommendation

The Directors, (other than Mr Nicholas Chan who is not eligible to vote), recommend voting in favour of this resolution. The Chairman of the meeting will be voting any undirected proxies in favour of this resolution.

ITEM 4 – Approval of proposed issue of performance rights

Resolution 4

Issue of performance rights to Nicholas Chan under the Directors and Employee Benefits Plan

ASX Listing Rule 10.14 prevents the Company from issuing securities to Directors and their associates under the Company's Directors and Employee Benefits Plan unless approved by the members of the Company. The Company has previously adopted the PS&C Directors and Employee Benefits Plan (**Plan**). A brief summary of the proposed terms of the Plan was contained in the Prospectus. Further details of the Plan are set out in the Schedule to this Explanatory Statement.

Nicholas Chan receives, as remuneration for his position as a Non-Executive Director of the Company, director's fees in the amount of \$70,000 per annum, and has not previously been issued shares under the Company's Directors and Employee Benefits Plan.

Under the Plan, the Company is entitled to issue shares, options and/or performance rights to Directors, officers, employees and contractors, subject to such terms and restrictions as the Board identifies and at issue or exercise prices as the Board determines.

In accordance with the terms of the Plan, the Board has designed a performance rights scheme for Nicholas Chan, Director, which provides for the issue and exercise of options on the satisfaction of certain hurdle requirements, as detailed below.

The Company is now seeking shareholder approval to the issue of the options on the terms outlined below.

To enable the members to approve the resolution under Item 4, the following information is provided in compliance with ASX Listing Rule 10.15:

Eligibility	The following individuals are eligible to participate under the Plan: • A Director or Secretary of the Company or any of its subsidiaries; or • A permanent full-time or permanent part-time employee or a contractor of the Company selected by the Board to participate.
Number of performance rights to be issued	10,000,000 options with an exercise price of five cents (\$0.05) with a two-year expiry from commencement date; and 10,000,000 options with an exercise price of ten cents (\$0.10) with a three-year expiry from commencement date
Exercise price	The rights are issued at an exercise price of: • \$0.05 at two-year expiry from the commencement date; and • \$0.10 at three-year expiry from the commencement date.
Exercise period	The options will be exercisable in 2 tranches of 10,000,000 each on, as to the options exercisable for \$0.05 on or before 6 August 2022, and as to the options exercisable for \$0.10 on or before 6 August 2023. The options will lapse in the event that Nicholas Chan ceases his employment with the Company and/or does not exercise the options by the end date.
Loan available	No
Consideration payable for the issue of the options	Nil

Date by which the Company will issue the performance rights	Within 30 days of receiving required member approval.
Names of Directors and Directors' associates who are entitled to participate in the Plan	The Directors and Office Holders who are entitled to participate in the Plan are Renata Sguario, Robert Hogeland, Vesna Jelesic and Nicole Ferro. The issue of performance rights under Resolution 4 has been designed specifically for Nicholas Chan as non-executive Director and no other Director is entitled to receive performance rights on the terms outlined in this table.
Names of Directors and Directors' associates who received options under the Plan since its last approval	NIL

The value attributed to the options by the Company is the closing price of Ordinary Shares of the Company on the day the Board resolved to issue the options (26 August 2020), being \$0.045.

Details of any securities issued under the Company's Directors and Employee Benefits Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under listing rule 10.14.

Any additional persons covered by listing rule 10.14 who became entitled to participate in an issue of securities under the Company's Directors and Employee Benefits Plan after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under the rule.

If the members of the Company approve this resolution, Nicholas Chan will be issued 20,000,000 options as described above.

If the members of the Company do not approve this resolution, the grant of options to Nicholas Chan will not proceed. Issues may arise with the competitiveness of the remuneration package on offer and the alignment of rewards with other directors. The Company may need to consider alternative remuneration arrangements.

Recommendation

The Directors, (other than Mr Nicholas Chan who is not eligible to vote), recommend voting in favour of this resolution. The Chairman of the meeting will be voting any undirected proxies in favour of this resolution.

ITEM 5 – Approval of proposed issue of Ordinary Shares

Resolution 5

Issue of Ordinary Shares to Nicole Ferro

ASX Listing Rule 10.11 prevents the Company from issuing securities to Directors, unless approved by the members of the Company.

The Company is entitled to issue shares, options and/or performance rights to Directors, officers, employees and contractors, subject to such terms and restrictions as the Board identifies and at issue or exercise prices as the Board determines.

For the purposes of aligning her interests with shareholders the Board has decided to issue Nicole Ferro, Non-Executive Director, with 500,000 Ordinary Shares for nil consideration. In accordance with her Letter of Offer as a Non-Executive Director of the Company, Nicole Ferro receives remuneration in the form of director's fees in the amount of \$65,000 per annum.

The Company is now seeking shareholder approval for the issue of Ordinary Shares on the terms outlined below.

To enable the members to approve the resolution under Item 6, the following information is provided in compliance with ASX Listing Rule 10.13:

Shares issued to Nicole Ferro	
Issue Date:	Within 30 days of approval of the members
Number of Securities:	500,000 Ordinary Shares
Issue Price:	Issued for nil Consideration
Terms of Issue:	The Shares rank equally with all existing Shares on issue
Allottee:	Nicole Ferro
Use of funds:	No funds will be raised as the Shares are to be issued for nil Consideration

If the members of the Company approve the resolution, Nicole Ferro will receive 500,000 Ordinary Shares. If members of the Company do not approve the resolution, Nicole Ferro will not be issued with 500,000 Ordinary Shares. Issues may arise with the competitiveness of the remuneration package on offer and the alignment of rewards with other directors. The Company may need to consider alternative remuneration arrangements.

If this resolution is passed, the issue of Ordinary Shares to Nicole Ferro will not affect the Company's ability to issue shares under its placement capacity.

Note: Pursuant to ASX Listing Rule 7.2 Exception 14, where Shareholders approval under ASX Listing Rule 10.11 is given, approval under ASX listing Rule 7.1 is not required.

Recommendation

The Directors (other than Ms Nicole Ferro who is not eligible to vote), recommend voting in favour of this resolution. The Chairman of the meeting will be voting any undirected proxies in favour of this resolution.

ITEM 6 – Approval of proposed issue of Ordinary Shares

Resolution 6

Issue of Ordinary Shares to Renata Sguario

ASX Listing Rule 10.11 prevents the Company from issuing securities to Directors, unless approved by the members of the Company.

The Company is entitled to issue shares, options and/or performance rights to Directors, officers, employees and contractors, subject to such terms and restrictions as the Board identifies and at issue or exercise prices as the Board determines.

For the purposes of aligning her interests with shareholders the Board has decided to issue Renata Sguario, Non-Executive Director, with 500,000 Ordinary Shares for nil consideration. In accordance with her Letter of Offer as a Non-Executive Director of the Company, Renata Sguario receives remuneration in the form of director's fees in the amount of \$70,000 per annum.

The Company is now seeking shareholder approval for the issue of Ordinary Shares on the terms outlined below.

To enable the members to approve the resolution under Item 7, the following information is provided in compliance with ASX Listing Rule 10.13:

Shares issued to Renata Sguario	
Issue Date:	Within 30 days of approval of the members
Number of Securities:	500,000 Ordinary Shares
Issue Price:	Issued for nil Consideration
Terms of Issue:	The Shares rank equally with all existing Shares on issue
Allottee:	Renata Sguario
Use of funds:	No funds will be raised as the Shares are to be issued for nil Consideration

If the members of the Company approve the resolution, Renata Sguario will receive 500,000 Ordinary Shares. If members of the Company do not approve the resolution, Renata Sguario will not be issued with 500,000 Ordinary Shares. Issues may arise with the competitiveness of the remuneration package on offer and the alignment of rewards with other directors. The Company may need to consider alternative remuneration arrangements.

If this resolution is passed, the issue of Ordinary Shares to Renata Sguario will not affect the Company's ability to issue shares under its placement capacity.

Note: Pursuant to ASX Listing Rule 7.2 Exception 14, where Shareholders approval under ASX Listing Rule 10.11 is given, approval under ASX listing Rule 7.1 is not required.

Recommendation

The Directors (other than Ms Renata Sguario who is not eligible to vote), recommend voting in favour of this resolution. The Chairman of the meeting will be voting any undirected proxies in favour of this resolution.

ITEM 7 – Other Matters

Resignation of Robert Hogeland as director

Robert Hogeland has tendered his resignation as a director of the Company, effective from the conclusion of the Meeting.

Schedule 1

EMPLOYEE & DIRECTORS' BENEFIT PLAN

PS&C Ltd has adopted the PS&C Employee & Directors' Benefit Plan (the **Plan**).

Under the Plan, PS&C Ltd is entitled to issue shares, options and/or performance rights to Directors, officers, employees and contractors, subject to such terms and restrictions as the Board identifies and at issue or exercise prices as the Board determines.

Invitations under the Plan must be made in writing and identify any restrictions to which the person accepting such an invitation will be subject under the terms of the Plan. Options and performance rights are non-transferable. Unless otherwise determined by the Board, options will only be exercisable into Shares 1 year from the date they are granted and will lapse 18 months from that date, or on the date that a participant ceases to be a Director, officer or employee, except in certain defined special circumstances such as total and permanent disablement or redundancy.

Performance rights will confer an entitlement to Shares at no cost upon satisfaction of certain performance criteria determined by the Board.

Shares issued pursuant to the Plan will be issued fully paid and rank equally for dividends with other Shares on or after the date of allotment. Further, the Directors may also determine that Shares may be purchased on market for the benefit of participants under the Plan. Shares, options or performance rights issued under the Plan that are subject to restrictions on disposal cannot be dealt with in any way until the restrictions have expired. However, if a takeover bid is made to acquire the whole or any number of the Shares, or a scheme of arrangement, selective capital reduction or other similar transaction is initiated that has a similar effect to a full takeover bid for all of the Shares, then the Board may in its absolute discretion lift the restrictions.

In the event that there is a reorganisation of the Company's capital by way of bonus issue or rights issue or on reconstruction, the numbers of options or performance rights issued under the Plan may be adjusted.

The Board will administer the Plan and have an absolute discretion to: implement procedures for the administration of the Plan; resolve all questions of fact or interpretation arising in respect of the Plan; delegate to one or more persons any powers in respect of the Plan; amend the rules of the Plan, provided that such amendments do not unduly prejudice the rights of existing participants.

The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Shareholders as required by the ASX Listing Rules. No broker's fees or commissions are payable by participants in the Plan for the issue of shares, options or performance rights under the Plan.

Participants issued shares, options or participation rights are bound by the rules of the Plan and by the Constitution of PS&C Ltd.

Schedule 2

Glossary

In this Notice, words importing the singular include the plural and vice versa.

ASX means the Australian Securities Exchange;

Buyer means LVP Technology Services Pty Ltd ACN 643 786 118;

Board means the board of Directors of the Company;

Company or **PS&C** means PS&C Limited ACN 164 718 361;

Corporations Act means Corporations Act 2001 (Cth);

Director means a director of the Company;

Explanatory Statement means the explanatory statement comprising part of this Notice of Meeting;

Independent Expert means RSM Corporate Australia Pty Ltd;

Independent Expert's Report means the report of the Independent Expert accompanying this Explanatory Statement;

Listing Rules means the ASX Listing Rules as amended from time to time and available on the ASX website;

Meeting means the general meeting to be held in accordance with the Notice of Meeting;

Melbourne Consulting Business or **Melbourne Consulting Businesses** means the following wholly owned PS&C subsidiaries:

- Systems & People Pty Ltd;
- Bexton IT Services Pty Ltd;
- Sacon Group Pty Ltd;
- Coroma Consulting Pty Ltd;
- Seisma Pty Ltd; and
- Artisan Consulting Pty Ltd.

Melbourne Consulting Business Share Sale Transaction means the sale of 100% of the shares in Melbourne Consulting Business by PS&C to the Buyer pursuant to the SSPD;

Notice of Meeting means the notice of meeting attached to, and forming part of, this document;

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

PS&C or **Company** means PS&C Limited ACN 164 718 361;

Resolution means the ordinary resolution proposed to approve the Melbourne Consulting Business Share Sale Transaction, as set out in the Notice of Meeting;

Share means any share in the capital of the Company;

Shareholder means the registered holder of a Share in the Company;

SSPD means the Share Sale & Purchase Deed between PS&C, the Buyer and others dated 28 August 2020 for the sale of 100% of the issued capital of Melbourne Consulting Business by PS&C to the Buyer referred to in item 1 of this Explanatory Statement; and

Voting Form means the voting form relating to the Meeting in the form accompanying this Explanatory Statement and the Notice of Meeting.

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Annexure

Independent Expert Report

[Commences over page.]

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PS&C LIMITED

Financial Services Guide and Independent Expert's Report

31 August 2020

We have concluded that the Proposed Transaction is fair and reasonable

FINANCIAL SERVICES GUIDE

31 August 2020

Overview

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

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

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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The Directors
PS&C Limited
L10 410 Collins Street
Melbourne VIC 3000

Dear Directors

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of PS&C Limited ("PS&C" or "the Company") to be held on or around 7 October 2020, at which shareholder approval will be sought for a number of resolutions relating to the Company's disposal of its Melbourne Consulting Business, as set out below:

Resolution 1 – Sale of wholly owned PS&C Melbourne Consulting Business subsidiaries

"That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the Company and its subsidiaries: Systems and People Pty Ltd, Bexton IT Services Pty Ltd, Sacon Group Pty Ltd, Caroma Consulting Pty Ltd, Seisma Pty Ltd, Artisan Consulting Pty Ltd (**Melbourne Consulting Business**), to complete the Melbourne Consulting Business Share Sale Transaction on the terms and conditions set out in Share Sale and Purchase Deed."

1.2 On 28 August 2020 ("Announcement Date"), PS&C announced that it had executed a binding sale agreement to divest the Melbourne Consulting Business for a total cash consideration of \$23.0 million (before associated transaction costs) with LVP Technology Services Pty Ltd ("LVP") ("the Proposed Transaction"). A more detailed discussion of the Proposed Transaction is set out in section 3.

1.3 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders of PS&C ("Shareholders").

1.4 This IER has been prepared to assist the Directors of PS&C in making their recommendation to Shareholders in relation to the Offer and to assist Shareholders in assessing the merits of the Offer. The sole purpose of this report is to set out RSM's opinion as to whether the Offer is fair and reasonable.

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RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

- 1.5 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and conclusion

Opinion

- 2.1 In our opinion, and for the reasons set out in sections 8 and 9 of this Report, the Proposed Transaction is **fair and reasonable** to Shareholders.

Fairness

- 2.2 Our assessment of the Fair Value of the Melbourne Consulting Business and the Fair Value of the Consideration is summarised in the table below.

(\$'000)	Low	High Preferred
Fair Value of the Melbourne Consulting Business	21,375	24,225
Fair Value of the Consideration	23,000	23,000

Source: RSM analysis

Table 1: Valuation summary

- 2.3 Our assessment is depicted graphically below.

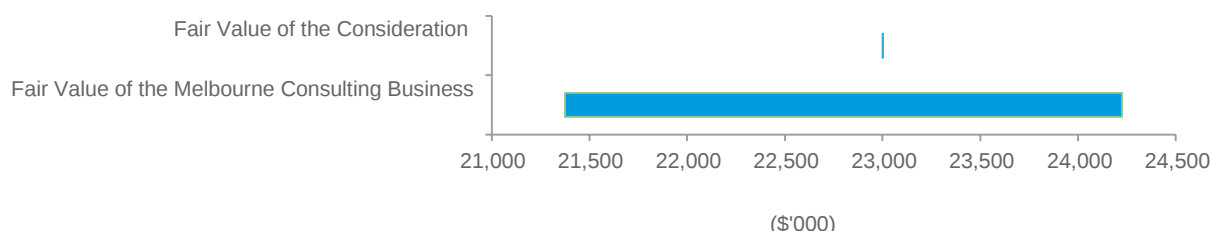


Chart 1: Valuation summary

- 2.4 Our assessment of the Fair Value of the Consideration is within the range of our assessment of the Fair Value of the Melbourne Consulting Business prior to the Proposed Transaction.

- 2.5 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 11, we consider the Proposed Transaction to be fair to the shareholders of PS&C.

Reasonableness

- 2.6 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- the future prospects of the Company if the Proposed Transaction does not proceed; and
- any other commercial advantages and disadvantages to Shareholders as a consequence of the Proposed Transaction proceeding.

2.7 The Proposed Transaction's key advantages are:

- The Proposed Transaction is fair;
- The Consideration will help strengthen the Company's balance sheet, providing the Company with financial flexibility required to invest in its remaining operations and seek alternative investments going forward;
- The disposal of the Melbourne Consulting Business would enable the Company to reduce its operating costs associated with operating businesses across multiple locations;
- The Consideration would provide Management with the financial resources required to accelerate the execution of its business plan regarding Respring. This includes creating scalable revenue streams and intellectual property via pursuing strategic acquisitions which Management considers would enhance Respring's market position as a leading rural real estate portal in Australia;
- Under the terms of the Share Sale and Purchase Deed, a break fee of \$500,000 is payable in the event that PS&C withdraws from the Proposed Transaction; and
- Should the Proposed Transaction proceed, it is the current intention of PS&C's Board of Directors to undertake a return of capital via a share buy-back, after consideration is given to the short-term working capital requirements of the business that remains and a further strategic acquisition that is well advanced, thereby providing Shareholders with a potential liquidity event.

2.8 The Proposed Transaction's key disadvantages are:

- The Melbourne Consulting Business has generated profits before interest and tax of circa \$6.2 million in FY18 and FY19, and \$5.7 million in FY20, respectively. Should the Proposed Transaction proceed, Shareholders will no longer be in a position to benefit from the Melbourne Consulting Business' future earnings and cash-flow streams;
- The Company's sole trading entity post the Proposed Transaction will be Respring. Respring's primary asset comprises farmbuy.com which currently generates minimal revenue and requires working capital to fund its operations;
- As a result of the above, part of the Consideration will be required to fund PS&C's ongoing corporate overheads; and
- A superior offer for the Melbourne Consulting Business may emerge in the future.

2.9 Details of alternative proposals received or pursued by the Company are summarised below:

- The Company commenced the divestment process of the Melbourne Consulting Business in 2019. During the divestment process, PS&C and its advisors have approached and engaged with a significant number of potential acquirers;
- However, despite the extensive process undertaken, PS&C has not solicited any offers from any other potential acquirers; and
- We are unaware of any alternative or more superior proposal which may provide greater benefit to Shareholders at this time.

2.10 In the event the Proposed Transaction does not proceed:

- The Company will continue with its current business operations;
- The Company may pursue alternative transactions or source funding through alternative means; and
- PS&C's business plan regarding Respring may take longer to materialise due to a lack of available working capital.

Response of the Market to the announcement of the Proposed Transaction

2.11 The closing share price of a PS&C share on the Announcement Date was \$0.046. The closing share price was \$0.045 on 26 August 2020 and 27 August 2020. The closing share price on 31 August 2020 was

\$0.044. Accordingly, we consider that the announcement of the Proposed Transaction has not materially impacted PS&C's share price.

Conclusion on reasonableness

2.12 In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for Shareholders.

3. Summary of the Proposed Transaction

Overview

3.1 On 28 August 2020 ("Announcement Date"), PS&C announced that it had executed a binding sale agreement to divest the Melbourne Consulting Business for a total cash consideration of \$23.0 million (before associated transaction costs) with LVP Technology Services Pty Ltd ("LVP") ("the Proposed Transaction").

3.2 The Melbourne Consulting Business comprises of the following entities:

- Systems and People Pty Ltd;
- Bexton IT Services Pty Ltd;
- Coroma Consulting Pty Ltd
- Seisma Pty Ltd;
- Artisan Consulting Pty Ltd; and
- Sacon Group Pty Ltd.

Consideration of the Proposed Transaction

3.3 The cash consideration for the Melbourne Consulting Business is \$23.0 million, calculated on a cash-free and debt-free basis ("the Consideration").

Key conditions of the Proposed Transaction

3.4 The Proposed Transaction is conditional upon a number of conditions, including:

- Full repayment and termination of all finance facilities provided to the Melbourne Consulting Business;
- PS&C having obtained all consents, approvals and waivers that LVP require to obtain the statutory and non-statutory approvals in relation to the Proposed Transaction;
- Unanimous recommendation to effect the Proposed Transaction by the PS&C Board of Directors (in the absence of a superior proposal and subject to an independent expert concluding that the Proposed Transaction is in the best interests of shareholders) and an unconditional undertaking from each of PS&C's Directors to vote their shares in favour of the Proposed Transaction; and
- Approval from Shareholders.

4. Purpose and scope of the Report

4.1 PS&C is seeking approval to dispose of the Melbourne Consulting Business to LVP for the purposes of Listing Rule 11.

4.2 The Proposed Transaction would constitute a significant change to PS&C's activities under ASX Listing Rule 11 and, therefore, the Company would be required to, inter-alia, obtain the approval of holders of its ordinary securities in relation to the Proposed Transaction and to comply with ASX's requirements in relation to the notice of meeting.

- 4.3 Whilst there is no regulatory requirement to obtain an independent expert's report, the Directors of PS&C in preparing a notice of meeting to the Shareholders, have requested RSM, being independent and qualified for the purpose, to express an opinion as to whether the Proposed Transaction is fair and reasonable to Shareholders.

Regulatory guidance

- 4.4 In determining whether the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed by the ASIC in RG 111.
- 4.5 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.6 RG 111 states that the expert's report should focus on:
- the issues facing the security holders for whom the report is being prepared: and
 - the substance of the transaction rather than the legal mechanism used to achieve it.
- 4.7 RG 111 applies the "fair and reasonable" test as two distinct criteria, stating that, in the case of control transactions, an offer is fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer, or in the case of related party transactions, a transaction is fair if the value of the financial benefit to be provided by the entity to a related party is equal or less than the value of the consideration being provided to the entity.
- 4.8 A transaction is reasonable if it is fair. It might also be reasonable if, despite not being fair, the expert believes there are sufficient reasons to vote for the transaction.

Basis of evaluation

- 4.9 Consistent with the guidelines in RG 111, in assessing whether the Proposed Transaction is fair and reasonable to the Shareholders, the analysis undertaken is as follows:
- whether the Fair Value of the Melbourne Consulting Business is greater than the Fair Value of the Consideration – fairness; and
 - a review of other significant factors which Shareholders might consider prior to approving the Proposed Transaction – reasonableness.
- 4.10 The other significant factors to be considered include:
- the future prospects of the Company if the Proposed Transaction does not proceed; and
 - any other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding.
- 4.11 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of PS&C

Overview

- 5.1 PS&C is an end-to-end Information Technology and digital consulting company headquartered in Melbourne, Victoria.
- 5.2 The Company was admitted to ASX's official list in December 2013 and was formed through the acquisition of the following companies:
- Systems and People Pty Ltd;
 - Securus Global Consulting Pty Ltd;
 - Hacklabs Pty Ltd;
 - Allcom Networks Pty Ltd; and
 - Allcom Consulting Services Pty Ltd.
- 5.3 The Company historically comprised of the following business units:
- i) People (also known as Design + Process);
 - ii) Security (also known as Defend + Secure); and
 - iii) Communications (also known as Delivery + Cloud).
- 5.4 PS&C divested the Security and Communications business units over FY19 to FY20, and currently comprises of the Melbourne Consulting Business and Respring.
- 5.5 Respring is a technology company that invests in and provides consulting services to digital companies. Respring wholly owns farmbuy.com, a rural property real-estate web portal which provides digital advertising and marketing services to Australian agriculture and real estate companies.
- 5.6 The Melbourne Consulting Business sources and provide specialist contractors to customers for medium and long-term IT projects, while also managing the payroll function for customers. Services offered include:
- Business analysis and transformation;
 - Software development;
 - Mobile development;
 - CRM software inception and implementation;
 - SAP consulting; and
 - Workforce management.

Directors and management

- 5.7 The directors and key management of PS&C are summarised below:
- Renata Sguario (Chairman, Director);
 - Robert Hogeland (CEO, Managing Director);
 - Nicole Ferro (Director);
 - Vesna Jelesic (CFO, Company Secretary); and
 - Nicholas Chan (Non-Executive Director).

Financial performance

5.8 The table below sets out the Melbourne Consulting Business' financial performance for the years ended 30 June 2018 ("FY18"), 30 June 2019 ("FY19") and 30 June 2020 ("FY20") ("Historical Period").

The Melbourne Consulting Business Financial performance (\$'000)	FY18 Unaudited	FY19 Unaudited	FY20 Unaudited
Revenue			
Services revenue	48,013	53,752	50,944
Other direct revenue	116	49	183
Total revenue	48,130	53,801	51,127
Cost of revenue			
Direct labour	38,150	42,879	42,098
Other direct expenses	250	698	310
Total cost of revenue	38,400	43,577	42,408
Gross profit	9,729	10,224	8,718
<i>Gross profit margin</i>	<i>20.2%</i>	<i>19.0%</i>	<i>17.1%</i>
Operating expenses			
Labour overhead	2,457	2,729	2,227
Advertising and marketing	53	20	4
Building expenses	174	253	132
General overhead	814	953	676
Total operating expenses	3,498	3,954	3,040
Other income	16	12	-
Other expenses	-	55	-
EBITDA	6,247	6,226	5,679
<i>EBITDA margin</i>	<i>13.0%</i>	<i>11.6%</i>	<i>11.1%</i>
Depreciation and amortisation	29	79	96
EBIT	6,218	6,147	5,583
<i>EBIT margin</i>	<i>12.9%</i>	<i>11.4%</i>	<i>10.9%</i>

Source: The Melbourne Consulting Business' management accounts for FY18, FY19 and FY20

Table 2: The Melbourne Consulting Business' historical financial performance

5.9 The Melbourne Consulting Business disclosed EBITDA of \$6.3 million, \$6.2 million and \$5.7 million for FY18, FY19 and FY20, respectively. Reported EBITDA margin was 13.0% (FY18), 11.6% (FY19) and 11.1% (FY20).

5.10 The higher revenue and earnings in FY18 and FY19, as compared to FY20, was primarily a result of:

- Better performance of entities during earn out periods and when these entities were co-managed by former owners; and
- A significant customer contract completing in FY18 which was not replaced.

5.11 Direct labour comprises primarily of external contractors. The year-on-year decrease in gross profit margin over the Historical Period was primarily due to:

- Changes in the services provided / revenue generated and related contractor mix; and
- Margin pressure as a result of increased competition.

5.12 Operating expenses ("OPEX") comprise primarily of labour and general overheads. OPEX as a percentage of total revenue was 7.3% (FY18 and FY19) and 5.9% (FY20).

5.13 The lower OPEX as a percentage of total revenue in FY20, as compared to FY18 and FY19, was primarily due to lower labour overhead costs as a result of savings from natural employee attrition and pay-cuts imposed in light of COVID-19.

5.14 Despite a period of contraction in April and May 2020, FY20 Revenue and EBITDA were in line with guidance set prior to COVID-19.

Financial position

5.15 The table below sets out the financial position of the Melbourne Consulting Business as at 30 June 2019 and 30 June 2020.

The Melbourne Consulting Business Financial position (\$'000)	30-Jun-19 Unaudited	30-Jun-20 Unaudited
Current assets		
Cash	2,038	272
Trade debtors	7,034	4,228
Accrued revenue (unbilled time)	723	2,015
Other current assets	25	27
Total current assets	9,820	6,542
Non-current assets		
Fixed assets	30	20
Loans to related parties	12,027	18,489
Deferred tax asset	211	14
Other non-current assets (leases)	-	326
Total non-current assets	12,268	18,849
Total assets	22,088	25,391
Current liabilities		
Trade and other creditors	6,707	4,062
Provisions	843	839
Revenue in advance	15	68
Total current liabilities	7,565	4,970
Non-current liabilities		
Provisions	38	61
Other non-current liabilities (leases)	-	305
Total non-current liabilities	38	366
Total liabilities	7,603	5,336
Net assets	14,485	20,056

Source: The Melbourne Consulting Business' management accounts for FY18, FY19 and FY20

Table 3: The Melbourne Consulting Business' historical financial position

5.16 The Melbourne Consulting Business disclosed net assets of \$14.5 million and \$20.0 million as at 30 June 2019 and 30 June 2020, respectively. The increase in net assets from 30 June 2019 to 30 June 2020 solely relates to the net profits generated in FY20 of \$5.7 million.

5.17 Assets primarily comprise of trade debtors, accrued revenue and loans to related parties.

5.18 Loans to related parties comprise primarily of loans to PS&C. The loans will not from part of the Proposed Transaction.

5.19 Liabilities comprise primarily of trade and other creditors, and provisions.

- 5.20 Trade and other creditors relate primarily to trade payables, ATO liabilities and employee liabilities, such as GST, PAYG withholding tax, salaries and wages, payroll tax and superannuation contributions. The decrease from 30 June 2019 to 30 June 2020 was primarily due to a significant repayment of ATO liabilities in August 2019.

Capital structure

- 5.21 The table below sets out PS&C's top 20 shareholders as at 24 August 2020.

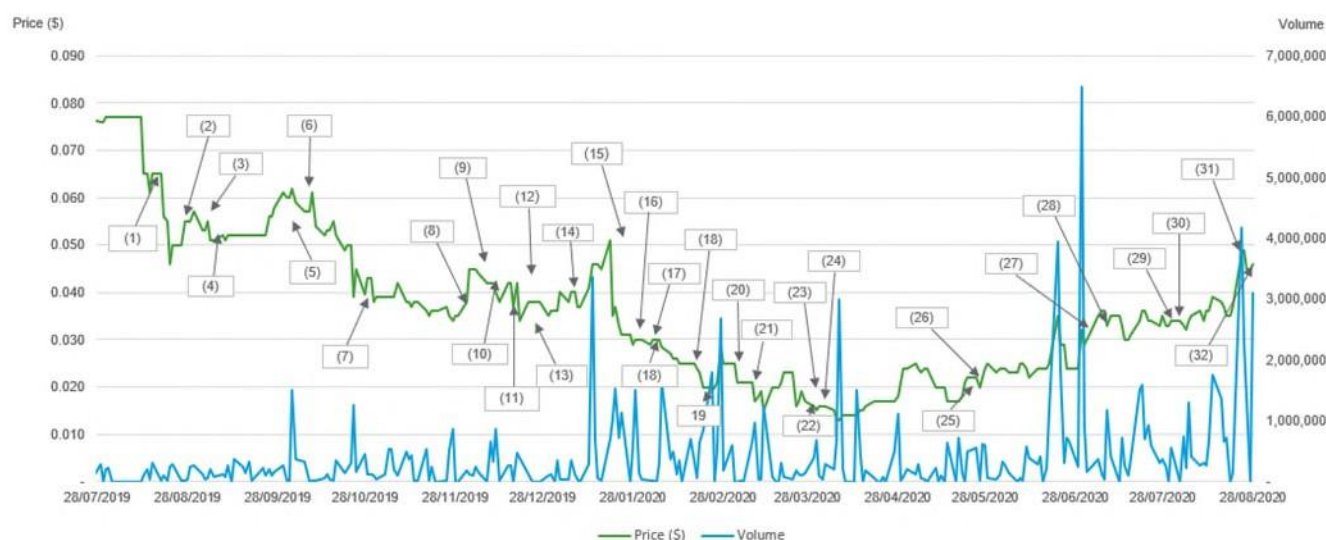
Shareholder	Shares ('000)	%
Fip Investments (VIC) Pty Ltd	20,947	6.0%
Mr Blair Cameron Gowans	15,928	4.5%
Masal Pty Ltd	14,694	4.2%
Kando Corporation Pty Ltd	14,105	4.0%
litca Pty Ltd	13,725	3.9%
Flashlight Advisory Pty Ltd	13,024	3.7%
Mrs Laura Catherine Gowans	12,052	3.4%
Australian Executor Trustees	9,336	2.7%
BLVD Pty Ltd	9,297	2.6%
Mr Richard Adrian Clarke	9,000	2.6%
Iq Rental & Finance Pty Ltd	8,000	2.3%
Glennfield Pty Ltd	7,688	2.2%
PJW Consulting Group Pty Ltd	6,176	1.8%
Hixon Pty Ltd	6,119	1.7%
Linfield Fc Pty Ltd	5,836	1.7%
HGQ Investments Pty Ltd	5,559	1.6%
Mr Paul Richard Fielding	5,352	1.5%
McAdam Family Holdings	4,902	1.4%
Hatdon Pty Ltd	4,875	1.4%
Mr Corey Peter Yeatman	4,484	1.3%
Total top 20 shareholders	191,099	54.4%
Other shareholders	160,005	45.6%
Total shareholders	351,104	100.0%

Source: PS&C's shareholder register as at 24 August 2020

Table 4: PS&C's shareholding as at 24 August 2020

Share price performance

5.22 The chart below sets out a summary of PS&C's daily closing share price and traded volumes on the ASX for the period from 28 July 2019 to 28 August 2020.



Source: S&P Capital IQ and PS&C's ASX announcements

Chart 2: PS&C's share price performance

- 5.23 (1) 14 August 2019: The Company announced the issue of 1,843,095 fully paid ordinary shares for the purpose of issuing performance rights to employees under the PS&C Employee and Directors Benefit Plan.
- 5.24 (2) 20 August 2019: The Company announced that it would release its interim results for the year ended 30 June 2019 on 29 August 2019, and that the Company expected to incur a non-cash impairment charge of \$39.9 million.
- 5.25 (3) 29 August 2019: The Company released a preliminary final report disclosing that, despite being constrained by limited working capital, the Company's business model delivered growth in revenue from continuing operations of 31.9% and growth in underlying EBITDA of 40.1% to \$6.4 million. Positive cashflows from operations of \$5.0 million, representing 78% of underlying EBITDA from continuing operations, were reported.
- 5.26 (4) 2 September 2019: The Company disclosed that the board had accepted the resignation of its Chief Executive Officer, Mr. Glenn Fielding, and appointed Mr. Robert Hogeland as his replacement. Additionally, the board advised that Mr. Kevin McLaine, the Company's non-executive chairman, would not seek re-election at the 2019 Annual General Meeting.
- 5.27 (5) 26 September 2019: The Company released an annual report to shareholders.
- 5.28 (6) 3 October 2019: The ASX announced that Tesserent had signed a sale and purchase agreement for the acquisition of PS&C's security division. The acquisition consideration of \$16.0 million (based on 5.3 times of normalised EBITDA for FY19) comprises of \$9.0 million cash, \$5.0 million of Tesserent equity and \$2.0 million cash or equity at Tesserent's option, deferred for 6 months. The completion of the transaction was subject to Tesserent shareholder approval.
- 5.29 (7) 24 October 2019: The Company announced a 1 for 3 pro-rata non-renounceable entitlement offer of fully paid shares to raise up to approximately \$3.4 million (before costs), being 83,986,684 new shares in aggregate.
- 5.30 (8) 28 November 2019: The Company announced the results of its 2019 annual general meeting, including the Chairman's review of the Company's performance for 2019 and details of the Company's strategic direction moving forward.

- 5.31 (9) 3 December 2019: The Company announced that it had received binding commitments from a professional and sophisticated investor in respect of 18.75 million shortfall shares resulting from its recent entitlement offer, to raise an additional \$750,000. The entitlement offer, together with the shortfall placement, would provide gross proceeds of approximately \$1.5 million to the Company. The new shares under the shortfall placement were expected to be issued on or around 3 December 2019, with trading to commence on or around 4 December 2019.
- 5.32 (10) 10 December 2019: The Company announced the sale of its wholly owned subsidiary, Nth. Consulting Pty Ltd (NTH), to TNT Cyber Services Pty Ltd for a purchase price of \$5.3 million. The Company also announced the completion of the sale of its security segment. The transactions eliminated significant liabilities from PS&C's balance sheet and enabled the Company to further reduce its net debt position.
- 5.33 (11) 13 December 2019: The Company announced an increase in Renata Sguario's (Director) shareholding in the Company from NIL to 500,000 fully paid ordinary shares.
- 5.34 (12) 19 December 2019: The Company announced that it had entered into a share purchase agreement to divest its wholly owned subsidiary, Glassandco Pty Ltd, to Vitrics Pty Ltd for a total cash consideration of \$1.6 million. The Company also announced that it had successfully divested its security segment and its Canberra operations for a combined Gross Consideration of circa \$20.0 million.
- 5.35 (13) 20 December 2019: The Company released a Notice of General Meeting in relation to the sale of Glassandco Pty Ltd to related parties.
- 5.36 (14) 3 January 2020: The Company announced the Record Date for the in-specie distribution of Tesserent Shares. The Company advised that the record date, subject to shareholder approval of the Ordinary Resolution at the General Meeting would be 22 January 2020.
- 5.37 (15) 20 January 2020: The Company released an update on its recent entitlement offer and confirmed that 42 million shares under the shortfall placement resulting from its recent entitlement offer had been issued at a price of \$0.04 per new share.
- 5.38 (16) 23 January 2020: The Company announced that the in-specie distribution of 100 million Tesserent Limited shares was completed, and shareholders would receive one Tesserent share for every 3.511 PS&C shares held on the Record Date of 22 January 2020.
- 5.39 (17) 31 January 2020: The Company announced the resignation of Mr. Glenn Fielding as a Director of PS&C, following the completion of the Company's divestment of Glassandco Pty Ltd. Mrs. Nicole Ferro was appointed as a Non-Executive Director of the Company.
- 5.40 (18) 6 February 2020: The Company announced that it had signed a share sale and purchase agreement to acquire, subject to shareholder approval, a 100% interest in Respring. As a part of the acquisition terms, PS&C would acquire a 100% interest in farmbuy.com, an Australian rural & lifestyle property real-estate web portal. The acquisition formed part of PS&C's intention to pursue strategic acquisitions that better utilise its delivery capabilities and provide opportunities for the Company to diversify its revenue base. The total consideration payable was \$4.5 million and was to be satisfied by issuing the vendors of Respring with PS&C shares.
- 5.41 (19) 21 February 2020: The Company released a notice of General Meeting in relation to the acquisition of Respring Pty Ltd.
- 5.42 (20) 27 February 2020: The Company released its financial results for the six months ended 31 December 2019, reporting a revenue of \$26.1 million for the period.
- 5.43 (21) 4 March 2020: The Company announced it had achieved Platinum Tier under the Salesforce Consulting Partner Program for the period 1 March 2020 to 28 February 2021.
- 5.44 (22) 25 March 2020: The Company announced that the ATO had published a class ruling in relation to the in-specie distribution of Tesserent Limited shares, ruling that no part of the return of capital made to shareholders

by way of the specie distribution of TNT shares is a 'dividend' as defined in subsection 6(1) of the Income Tax Assessment Act.

- 5.45 (23) 26 March 2020: The Company released an update on its business considering the unprecedented trading conditions caused by the global COVID-19 pandemic. This announcement disclosed temporary cuts to leadership remuneration and the strengthening of its balance sheet through the completion of the Nth. Consulting Pty Limited divestment.
- 5.46 (24) 2 April 2020: The Company announced the completion of the acquisition of Respring.
- 5.47 (25) 26 May 2020: The Company announced that it had established a share sale facility for holders of unmarketable parcels of Shares in the Company (Facility) to sell their shares without incurring any brokerage or handling costs that could otherwise make a sale of their shares uneconomic or difficult.
- 5.48 (26) 1 June 2020: The Company announced the appointment of Mrs Vesna Jelesic as Chief Financial Officer and Company Secretary effective 1 June 2020, replacing Mr Jeffrey Bennett.
- 5.49 (27) 30 June 2020: The Company announced its debt facility with the ANZ Banking Group had been repaid in full, deferred consideration reduced to less than \$700,000, and revenue and EBIT from continuing operations for FY20 were expected to be in the range of \$50.0 million to \$51.0 million and \$5.5 million to \$5.7 million, respectively.
- 5.50 (28) 14 July 2020: The Company announced that Respring had won a new client, 1derful Group Pty Ltd.
- 5.51 (29) 4 August 2020: The Company announced that the farmbuy.com business of Respring had achieved strong performance in all key site metrics in July, completed the re-engineering of farmbuy.com's platform ahead of schedule, and appointed key organisation positions to drive onboarding of agents and advertising revenue.
- 5.52 (30) 6 August 2020: The Company announced the appointment of a Non-Executive Director, Mr. Nicholas Chan.
- 5.53 (31) 25 August 2020: The Company released its financial results for the year ended 30 June 2020, announcing an increase in EBITDA from continuing operations of 268% to \$2.4 million, and a net profit after tax of \$3.0 million.
- 5.54 (32) 28 August 2020: The Company announced that it had executed a binding sale agreement to divest the Melbourne Consulting Businesses for a total cash consideration of \$23.0 million with LVP Technology Services Pty Ltd.

6. Valuation approach

Basis of valuation

- 6.1 As set out in paragraph 3.3, the Consideration of \$23.0 million is on a cash-free and debt-free basis. Accordingly, our valuation of the Melbourne Consulting Business has been assessed at the Enterprise Value level.
- 6.2 The valuations of the Melbourne Consulting Business and the Consideration have been prepared on the basis of Fair Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation methodologies

- 6.3 In assessing the Fair Value of the Melbourne Consulting Business and the Consideration, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;

- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

6.4 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

6.5 Market based methods estimate the Fair Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- the quoted price for listed securities; and
- industry specific methods.

6.6 The recent quoted price for listed securities method provides evidence of the Fair Value of a company's securities where they are publicly traded in an informed and liquid market.

6.7 Industry specific methods usually involve the use of industry rules of thumb to estimate the Fair Value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the Fair Value of a company than other market-based valuation methods because they may not account for company specific risks and factors.

Income based methods

6.8 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow; and
- capitalisation of future maintainable earnings.

6.9 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

6.10 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

6.11 Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

6.12 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

6.13 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.

6.14 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of valuation methodologies

Valuation of the Melbourne Consulting Business

6.15 In assessing the Fair Value of the Melbourne Consulting Business, we have utilised the capitalisation of FME methodology.

6.16 Whilst we have been provided with financial forecasts prepared by the Melbourne Consulting Business for the year ending 30 June 2021, RG 111 states that an expert should not include prospective financial information (including forecasts and projections) or any other statements or assumptions about future matters (together, 'forward-looking information') in its report unless there are reasonable grounds for the forward-looking information.

6.17 Regulatory Guide 170 Prospective Financial Information ("RG 170") gives detailed guidance on what is considered a reasonable basis for stating prospective financial information. While RG 170 is expressed to apply to fundraising documents under Chapters 6 and 7 of the Corporations Act, it provides useful guidance for inclusion of prospective financial information in expert reports.

6.18 RG 170 states that indicative factors that may amount to reasonable grounds for stating prospective financial information include when:

- the information relates to options on forward-sales contracts or leases that lock in future expenses and revenue;
- the information is underpinned by independent industry experts' reports and/or independent accountants' reports; and
- the information includes reasonable short-term estimates (not exceeding two years).

6.19 Having regard to the above, we consider it reasonable to utilise the capitalisation of FME methodology in assessing the Fair Value of the Melbourne Consulting Business.

6.20 We have also utilised the quoted market price methodology as our cross-check valuation methodology. PS&C's shares are listed on the ASX which means there is a regulated and observable market for its shares. However, consideration must be paid to adequate liquidity and activity in order to rely on the quoted market price method.

6.21 Notwithstanding the relatively low liquidity of PS&C's shares (discussed in further detail in section 7), we have utilised the quoted market price as our cross-check valuation methodology in assessing the Fair Value of the Melbourne Consulting Business.

7. Valuation of the Melbourne Consulting Business

Capitalisation of FME methodology

7.1 As stated at paragraph 6.15, we have assessed the Fair Value of the Melbourne Consulting Business on a controlling basis using the capitalisation of FME methodology.

7.2 The table below sets out our assessment of the Fair Value of the Melbourne Consulting Business, at the Enterprise Value level and on a controlling basis.

The Melbourne Consulting Business Valuation summary	Low (\$'000)	High (\$'000)	Preferred (\$'000)
FME (assessed at EBITDA level)	5,700	5,700	5,700
Assessed EBITDA multiple	3.75	4.25	4.00
Enterprise value (100% interest)	21,375	24,225	22,800

Source: RSM analysis

Table 5: Assessed Fair Value of the Melbourne Consulting Business (at the Enterprise Value level) (Capitalisation of FME methodology)

7.3 We have assessed the Fair Value of the Melbourne Consulting Business to range from \$21.4 million to \$24.2 million, with a preferred midpoint of \$22.8 million.

7.4 We have considered and determined the following variables when assessing the Melbourne Consulting Business' Enterprise Value:

- future maintainable earnings;
- appropriate capitalisation multiple;
- comparable transaction multiples;
- appropriate premium for control; and
- working capital adjustments in relation to material deviations from the target working capital set out in the Share Sale and Purchase Deed.

Future maintainable earnings

7.5 We have adopted EBITDA as an appropriate measure of FME because multiples based on the EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates than multiples based on other earnings measures such as EBIT or NPAT. In our opinion, this approach allows a better comparison with earnings multiples of other companies.

7.6 In assessing the Melbourne Consulting Business' FME, we have considered the following:

- the Melbourne Consulting Business' unaudited financial performance for FY18, FY19 and FY20;
- our review of abnormal or non-recurring income statement items and other normalisation adjustments;
- our review of corporate overhead costs which should be allocated to the Melbourne Consulting Business;
- our review of forecast financial information;
- the market conditions and outlook of the industry the Melbourne Consulting Business operates in; and
- our discussions with Management.

7.7 We further note that the PS&C has disclosed in its financial statements for the year ended 30 June 2020, that it is forecasting modest growth across FY21 in the Melbourne Consulting Business, subject to continued client demand and industry conditions remaining stable.

7.8 On the above basis, we have adopted a future maintainable EBITDA of \$5.7 million.

Capitalisation multiple

7.9 In selecting an appropriate EBITDA multiple to value the Melbourne Consulting Business, we have considered the trading multiples of publicly listed companies whose operations are sufficiently comparable to the Melbourne Consulting Business.

7.10 The table below summarises the historical and forecast EBITDA multiples of publicly listed companies. A brief description of each of the companies is set out in Appendix E.

The Melbourne Consulting Business In millions (A\$) Comparable companies	Stock Exchange	Net Assets	Turnover	LTM EBITDA	Forecast EBITDA	Market Cap.	Net debt	Enterprise Value	Ratios	
									Historical EV	Forecast EV
									EBITDA	EBITDA
		\$m	\$m	\$m	\$m	\$m	\$m	\$m		
CPT Global Limited	Australia	2.7	25.0	1.3	N/A	7.3	(1.8)	5.4	4.1	N/A
Empired Limited	Australia	68.3	165.6	9.3	N/A	80.9	24.1	105.1	13.1	N/A
RXP Services Limited	Australia	104.3	126.8	13.0	15.0	67.7	10.7	78.3	6.4	5.2
The Citadel Group Limited	Australia	85.1	110.2	16.2	37.3	358.9	14.1	372.9	23.0	10.0
Cirrus Networks Holdings Limited	Australia	14.6	95.2	2.6	5.1	28.3	(3.6)	24.7	9.3	4.8
DWS Limited	Australia	68.9	168.7	19.0	N/A	131.2	30.5	161.7	8.5	N/A
Average (all)									11.2	6.7
Median (all)									9.3	5.2
Min (all)									4.1	4.8
Max (all)									23.0	10.0
Excluding The Citadel Group Limited (outlier)										
Average									8.3	5.0
Median									8.5	5.0
Min									4.1	4.8
Max									13.1	5.2

Source: S&P Capital IQ and RSM analysis

Table 6: The Melbourne Consulting Business' summary of comparable companies' EBITDA multiples

7.11 In relation to the trading multiples above, we note that share prices of listed companies represent the market value of a non-controlling interest in those companies. As such, any earnings multiple derived from those share prices are consequently non-controlling multiples and do not reflect a premium for control.

7.12 Based on our analysis, we consider the appropriate non-controlling comparable EBITDA multiple is 5.0 times

Control premium

7.13 Earnings multiples of listed companies do not reflect the market value of a controlling interest in the company as they are derived from market prices which usually represent the buying and selling of non-controlling portfolio holdings (small parcels of shares).

7.14 Premiums for control are considered to range from 25% to 35%¹ which are applied at the equity value level.

7.15 On the above basis, and having regard to the debt gearing level of the Melbourne Consulting Business and PS&C, we have adopted a control premium of 20% for the Melbourne Consulting Business at the Enterprise Value level.

¹ RSM Control Premium Study 2017

Discount for size and business specific risk

7.16 In calculating the appropriate EBITDA multiple for the Melbourne Consulting Business, we considered the following:

- the Melbourne Consulting Business is significantly smaller than the majority of publicly listed comparable companies with respect to revenue and EBITDA; and
- as a smaller business, the Melbourne Consulting Business inherently carries greater risk as it has less diversified revenue streams, less geographic diversification, lack economies of scale, relatively less efficient processes and systems, and more limited access to debt and equity markets.

7.17 On the above basis, we have assessed the Melbourne Consulting Business' discount for size and other risk factors to be in the range of 30% to 40%.

7.18 The table below sets out our assessment of the Melbourne Consulting Business' EBITDA multiple.

The Melbourne Consulting Business EBITDA multiple	Low	High	Preferred
EBITDA of comparable companies	5.00	5.00	5.00
Control premium	20%	20%	20%
EBITDA of comparable companies (control basis)	6.00	6.00	6.00
Implied discount for size and business risk factors	(40%)	(30%)	(35%)
Assessed EBITDA multiple	3.60	4.20	3.90
Say	3.75	4.25	4.00

Source: Capital IQ and RSM analysis

Table 7: The Melbourne Consulting Business' assessed EBITDA multiple (control basis)

7.19 We have assessed that an appropriate EBITDA multiple (on a controlling basis), for the capitalisation of the Melbourne Consulting Business' maintainable earnings, to be in the range of 3.75 to 4.25 times, with a preferred midpoint of 4.0 times.

Comparable transactions

7.20 To cross-check the valuation of the Melbourne Consulting Business using the EBITDA multiples of publicly listed comparable companies, we have considered the implied EBITDA multiples of recent transactions involving companies whose operations and activities are comparable to the Melbourne Consulting Business.

7.21 The table below summarises the abovementioned implied EBITDA multiples of recent comparable transactions.

Date	Target	Buyer	Description of Target	Stake	Implied EV/EBITDA x
March 2018	Seisma Pty Ltd	PS&C Limited	Seisma provides business and technology consulting services.	Majority	4.9
June 2018	Project Assured Pty Ltd	DWS Limited	Project Assured provides strategic management and IT consulting	Majority	5.5

Source: DWS Limited's ASX announcement dated 25 June 2018 and PS&C's FY18 annual report

Table 8: The Melbourne Consulting Business' comparable transaction multiples (control basis)

7.22 In relation to the above transaction multiples, we note the transactions relate to the acquisition of companies on a controlling basis, and as such, the multiples presented include a premium for control.

7.23 We further note that:

- The transactions, as set out in Table 8, were both completed pre COVID-19;
- The transactions' implied EBITDA multiples are based on the target companies' historical EBITDA, rather than forecast EBITDA; and
- Seisma Pty Ltd was acquired by PS&C in March 2018 and represents a significant proportion of the Melbourne Consulting Business.

7.24 Accordingly, we consider the comparable transaction multiples to be supportive of our assessed forecast EBITDA multiple (including a control premium) of 3.75 to 4.25.

Working capital adjustments

7.25 We have had consideration to the Share Sale and Purchase Deed in assessing any working capital adjustments. The Share Sale and Purchase Deed notes a target working capital requirement at completion, with a dollar for dollar adjustment to the purchase price based on any deficit or excess of working capital.

7.26 We have assessed the above target working capital and consider it to be reflective of the Melbourne Consulting Business' ongoing working capital requirements. On this basis, we do not consider it necessary to adjust our assessed Fair Value of the Melbourne Consulting Business for working capital.

Quoted price of listed securities methodology

7.27 In order to cross-check our valuation of the Melbourne Consulting Business under the Capitalisation of FME methodology, we have considered the recent quoted market price of PS&C prior to the Announcement Date and made certain adjustments to the assessed quoted market price to assess the value of the Melbourne Consulting Business. We consider this approach to be reasonable on the basis that the Melbourne Consulting Business represents a significant proportion of PS&C's underlying value with the only other asset held by the Company being Respring which was acquired in April 2020 for consideration of \$4.5 million.

7.28 RG 111.69 indicates that for the quoted market share price methodology to represent a reliable indicator of Market Value, there needs to be an active and liquid market for the securities. The following characteristics may be considered to be representative of a liquid and active market:

- regular trading in the company's securities;
- approximately 1% of a company's securities traded on a weekly basis;
- the bid/ask spread of a company's shares must not be so great that a single majority trade can significantly affect the market capitalisation of the company; and
- there are no significant but unexplained movements in the share price.

7.29 To provide further analysis of the quoted market prices for PS&C's shares, we have considered the volume weighted average share price ("VWAP") over a number of trading day periods to the Announcement Date. An analysis of the volume traded in PS&C's shares for the 5, 10, 30, 60 and 90-day periods is tabled below.

Calendar days	Share price		No. of days traded	Volume traded	Value traded	VWAP	Percentage of issued capital
	Low	High					
	\$	\$			\$	\$	%
5 days	0.037	0.049	3	7,795,400	372,391	0.048	1.56%
10 days	0.035	0.049	7	9,326,180	427,586	0.046	1.86%
30 days	0.032	0.049	19	17,367,390	716,496	0.041	3.47%
60 days	0.024	0.049	40	34,952,000	1,294,236	0.037	6.98%
90 days	0.022	0.049	58	46,380,390	1,622,993	0.035	9.26%
120 days	0.017	0.049	76	51,313,750	1,726,545	0.034	10.24%
180 days	0.013	0.049	110	65,297,030	1,949,360	0.030	13.74%

Source: Capital IQ and RSM analysis

Table 9: VWAP and traded volume of PS&C shares

7.30 We note the following:

- Less than 5.0% of PS&C's quoted shares were traded in the 30-days trading period prior to the Announcement Date;
- PS&C's VWAP was \$0.037 and \$0.035 for the 60 and 90-days trading period, respectively, and subsequently was in the range of \$0.030 to \$0.034 for the 120 to 180-days trading period; and
- Notwithstanding the low levels of liquidity, PS&C complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of PS&C. Accordingly, we have assessed the value of a PS&C share (on a non-controlling basis), and having specific regard to the VWAP during the 60 to 90-days prior to the Announcement Date, to be \$0.036.

7.31 Our assessment of the Melbourne Consulting Business' Fair Value, at the Enterprise Value level, using the quoted price of listed securities methodology is summarised in the table below.

The Melbourne Consulting Business	
Valuation cross check	(\$'000)
Total PS&C shares in issue (a)	501,104
Share price (non controlling basis) (b)	0.036
Equity value (non-controlling basis) (c) = (a)*(b)	18,040
Add: Control premium (at 20%) (d)	3,608
Equity value (control basis) (e) = (c) + (d)	21,648
Less: Net cash of PS&C (f)	(1,293)
Enterprise Value (control basis) (g) = (e) + (f)	20,354
Less: Acquisition price of Respring (h)	(4,500)
Enterprise Value (exc. Respring) (i) = (g) - (h)	15,854
Add: Assessed value of corporate overheads (j)	8,000
Enterprise Value of the Melbourne Consulting Business (exc. corporate overheads) (k) = (i) + (j)	23,854

Source: RSM analysis

Table 10: Assessed Fair Value of the Melbourne Consulting Business (at the Enterprise Value level) (quoted price of listed securities methodology)

7.32 We have assessed the Fair Value of the Melbourne Consulting Business to be \$23.9 million, using the quoted price of listed securities methodology on the following basis:

- Our assessment of the Equity Value of PS&C on a non-controlling basis of \$18.0 million is based on the VWAP of \$0.036, as set out in paragraph 7.30, which is indicative of the value of a marketable parcel of securities of the Company on a non-controlling basis;
- To assess PS&C's Equity Value on a control basis, we are required to adjust the abovementioned Equity Value on a non-controlling basis to reflect a premium for control. Consistent with our valuation of the Melbourne Consulting Business using the Capitalisation of FME methodology, as detailed in paragraph 7.15, we have adopted a control premium of 20%;
- Enterprise Value excludes the net cash or net debt position of an entity. Accordingly, we have deducted PS&C's net cash position as at 31 July 2020 from our assessed Equity Value to calculate PS&C's Enterprise Value;
- Our assessed Enterprise Value of PS&C of \$20.4 million includes Respring, which does not form part of the Melbourne Consulting Business. To assess the Enterprise Value of the Melbourne Consulting Business, we are therefore required to exclude the Fair Value of Respring. As set out in paragraph 5.40 and 5.46, PS&C completed the acquisition of Respring in April 2020 for a consideration of \$4.5 million. We have, therefore, deducted this amount in our assessment of the Fair Value of the Melbourne Consulting Business; and

- We have deducted the capitalised value of PS&C's corporate overheads which relate to costs not associated with the Melbourne Consulting Business' business operations such as corporate office rent, corporate salaries, ASX listing fees and related compliance costs etc. The table below sets out our calculations of the assessed value of corporate overheads of \$8.0 million.

Assessed value of corporate overheads	Ref	(\$'000)
PS&C normalised corporate overheads		2,000
Assessed preferred EBITDA multiple	7.19	4.00
Assessed value of corporate overheads		8,000

Source: RSM analysis

Table 11: Assessed value of corporate overheads

7.33 Notwithstanding the low liquidity of the Company's shares, we consider that our assessment of the Melbourne Consulting Business' Fair Value using the quoted price of listed securities methodology is supportive of our primary methodology.

8. Is the Proposed Transaction Fair to Shareholders?

8.1 In order to assess whether the Proposed Transaction is fair to Shareholders, we have compared the Fair Value of the Melbourne Consulting Business to the Fair Value of the Consideration to be paid.

8.2 A comparison of the Fair Value of the Melbourne Consulting Business and the Fair Value of the Consideration is set out below.

(\$'000)	Low	High	Preferred
Fair Value of the Melbourne Consulting Business	21,375	24,225	22,800
Fair Value of the Consideration	23,000	23,000	23,000

Source: RSM analysis

Table 12: Comparison of the Fair Value of the Melbourne Consulting Business and the Fair Value of the Consideration

8.3 Our assessment of the Fair Value of the Consideration is within the range of our assessment of the Fair Value of the Melbourne Consulting Business prior to the Proposed Transaction. On this basis and in the absence of any other relevant information, in our opinion, the Proposed Transaction is fair to the Shareholders.

9. Is the Proposed Transaction Reasonable to Shareholders?

9.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- the future prospects of PS&C if the Proposed Transaction does not proceed; and
- other commercial advantages and disadvantages to Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of PS&C if the Proposed Transaction does not proceed

9.2 If the Proposed Transaction does not proceed:

- The Company will continue with its current business operations;
- The Company may pursue other transactions or source funding through alternative means; and
- PS&C's business plan regarding Respring may take longer to materialise due to a lack of available working capital.

Details of alternative proposals received or pursued by the Company

9.3 Details of alternative proposals received or pursued by the Company are summarised below:

- The Company commenced the divestment process of the Melbourne Consulting Business in 2019. During the divestment process, PS&C and its advisors have approached and engaged with a significant number of potential acquirers;
- However, despite the extensive process undertaken, PS&C has not solicited any offers from any other potential acquirers; and
- We are unaware of any alternative or more superior proposal which may provide greater benefit to Shareholders at this time.

Response of the Market to the announcement of the Proposed Transaction

9.4 The closing share price of a PS&C share on the Announcement Date was \$0.046. The closing share price was \$0.045 on 26 August 2020 and 27 August 2020. The closing share price on 31 August 2020 was \$0.044. Accordingly, we consider that the announcement of the Proposed Transaction has not materially impacted PS&C's share price.

Advantages of approving the Proposed Transaction

9.5 The key advantages of the Proposed Transaction are:

- The Proposed Transaction is fair;
- The Consideration will help strengthen the Company's balance sheet, providing the Company with financial flexibility required to invest in its remaining operations and seek alternative investments going forward;
- The disposal of the Melbourne Consulting Business would enable the Company to reduce its operating costs associated with operating businesses across multiple locations;
- The consideration would provide Management with the financial resources required to accelerate the execution of its business plan regarding Respring. This includes creating scalable revenue streams and intellectual property via pursuing strategic acquisitions which Management considers would enhance Respring's market position as a leading rural real estate portal in Australia;
- Under the terms of the Share Sale and Purchase Deed, a break fee of \$500,000 is payable in the event that PS&C withdraws from the Proposed Transaction; and
- Should the Proposed Transaction proceed, it is the current intention of PS&C's Board of Directors to undertake a return of capital via a share buy-back, after consideration is given to the short-term working capital requirements of the business that remains and a further strategic acquisition that is well advanced, thereby providing Shareholders with a potential liquidity event.

Disadvantages of approving the Proposed Transaction

9.6 The key disadvantages of the Proposed Transaction are:

- The Melbourne Consulting Business has generated profits before interest and tax of circa \$6.2 million in FY18 and FY19, and \$5.7 million in FY20. Should the Proposed Transaction proceed, Shareholders will no longer be in a position to benefit from the Melbourne Consulting Business' future earnings and cash-flow streams;
- The Company's sole trading entity post the Proposed Transaction will be Respring. Respring's primary asset comprises farmbuy.com which currently generates minimal revenue and requires working capital to fund its operations;
- As a result of the above, part of the Consideration will be required to fund PS&C's ongoing corporate overheads; and

- A superior offer for the Melbourne Consulting Business may emerge in the future.

Conclusion on Reasonableness

- 9.7 In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for Shareholders.
- 9.8 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD



Glyn Yates
Director



Andrew Clifford
Director



APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Glyn Yates and Andrew Clifford are directors of RSM Corporate Australia Pty Ltd. Both Glyn Yates and Andrew Clifford are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of PS&C and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Glyn Yates, Andrew Clifford, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$40,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether PS&C receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Draft copies of the Notice of Meeting;
- The non-binding indicative proposal from Liverpool Partners Private Equity Pty Ltd to PS&C dated 27 May 2020 and 20 August 2020;
- Share Sale and Purchase Deed between PS&C Limited and LVP Technology Services Pty Ltd dated 28 August 2020;
- The Melbourne Consulting Business' unaudited management accounts for FY18, FY19 and FY20;
- The Melbourne Consulting Business' unaudited monthly balance sheet for July 2019 to June 2020;
- The Melbourne Consulting Business' financial forecast/budget for FY20 and FY21;
- PS&C's unaudited balance sheet as at 31 July 2020;
- PS&C's financial forecast for FY21;
- PS&C's audited financial statements for the years ended 30 June 2018 and 30 June 2019;
- PS&C's reviewed financial statements for the six months ended 31 December 2019;
- ASX announcements on PS&C;
- IBISWorld;
- S&P Capital IQ database; and
- Information provided to us during meetings and correspondences with Management and Directors of PS&C.

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
Announcement Date	28 August 2020
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
COVID-19	A disease caused by a new form of coronavirus
Directors	Directors of the Company
Enterprise Value	Market Value of a business on a debt free, cash free basis
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FSG	Financial Services Guide
FY18	Financial Year 2018
FY19	Financial Year 2019
FY20	Financial Year 2020
FY21	Financial Year 2021
IER	This Independent Expert Report
Melbourne Consulting Business, the	Systems and People Pty Ltd, Bexton IT Services Pty Ltd, Sacon Group Pty Ltd, Caroma Consulting Pty Ltd, Seisma Pty Ltd and Artisan Consulting Pty Ltd
LVP	LVP Technology Services Pty Ltd
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
OPEX	Operating expenses
PS&C, the Company	PS&C Limited
Proposed Transaction	The acquisition of a 100% equity interest in the Melbourne Consulting Business by LVP Technology Services Pty Ltd
Report	This Independent Expert's Report prepared by RSM dated 28 August 2020
Report Date	28 August 2020

Term or Abbreviation	Definition
Respring	Respring Pty Ltd
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RG 170	ASIC Regulatory Guide 170 Prospective Financial Information
RSM	RSM Corporate Australia Pty Ltd
Share Sale and Purchase Deed, the	Share sale and purchase deed dated 28 August 2020, detailing the terms of the purchase of the Melbourne Consulting Business by LVP Technology Services Pty Ltd
Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
VWAP	Volume weighted average share price

D. INDUSTRY OVERVIEW

Computer System Design Services in Australia²

Industry definition

Commonly known as IT consulting, the computer system design services industry consists of businesses that primarily provide expertise in information technology. Industry services include writing, modifying, testing or providing user support for software.

Companies in this industry also plan and design computer systems that integrate computer hardware, software, cloud and telecommunications technologies.

Current performance

Industry revenue has increased at an annualised 3.8% over the five years though 2019-20, to \$58.8 billion. This includes anticipated revenue growth of 3.9% in the current year. Improvements in technology, increased investment in software, and the greater prevalence of mobile platforms and cloud computing have driven industry revenue growth over the past five years.

Industry revenue is projected to grow at an annualised 3.8% over the five years through 2024-25, to \$71.1 billion. System upgrades linked to technology advances are anticipated to drive the industry's growth over the next five years. In particular, new infrastructure investment, the final stages of the NBN rollout and improvements in cloud computing are forecast to boost industry demand over the period.

Key external drivers

The IBISWorld key demand determinants impacting the industry can be summarised as follows:

Capital expenditure on computer software

Demand for IT computer consultancy and design services increases with the increase in capital expenditure on computer software and equipment. Capital expenditure on computer software has increased over the past five years, providing the industry with an opportunity to expand.

Capital expenditure by the public sector

The public sector (including governments and public companies) invests in computer systems through capital expenditure programs. As mentioned above, an increase in capital expenditure can positively influence demand for IT consulting services.

Business confidence index

The business confidence index indicates businesses' willingness to invest capital and expand operations. When business confidence is positive, it becomes more likely for businesses to increase expenditure and outsource internal IT functions to specialist companies.

IT and telecommunications adoption

The IT and telecommunications adoption index measures the use of computer, internet, mobile phone and business technologies. Increases in the IT and telecommunications adoption index result in greater demand for computer system design services.

²IBISWorld Report M7000 – Computer System Design Services in Australia, April 2020

Internet connections

Private and public demand for information technology (including internet connections) drives demand for computer consultants. Businesses are increasingly relying on the internet, which has greatly benefited consultants in the industry.

Barriers to entry

IBISWorld has characterised barriers to entry for the industry as low with an increasing trend. As the industry exhibits low concentration, new industry entrants are likely to target smaller businesses as clients by offering specialised services to a broad region or by offering a wide range of services.

The main service points for new consultant firms are cloud services, virus protection, data storage and security, and database construction and maintenance. Smaller industry firms tend to avoid competition with major players, as these companies offer high-end services for highly complex systems.

Major companies target different markets to smaller entrants, such as establishing major databases and maintaining mainframes for large companies in the finance sector.

Industry outlook

IBISWorld expects growth in the industry over the next five years primarily driven by greater capital expenditure on software and existing computer system upgrades. These upgrades will include hardware, software and cloud technology in sectors such as education, training, finance, transport, retail, government and, health and medical services.

However, the industry will be subject to greater domestic and international competition in product development and pricing. As competition from international firms grows, domestic consultants are anticipated to focus more on specialised services that overseas firms cannot compete with.

IBISWorld's expectations regarding the impact of COVID-19 on the Industry are summarised below:

- Demand for industry services is expected to be mixed. While demand for some computer hardware and software services is projected to decline, requirements for internet-specific services and labour-based computer assistance is anticipated to rise to meet the needs of remote workers;
- The net result for the Industry of this mixed demand is expected to be relatively small revenue decline for the Industry; and
- With a large proportion of industry employees able to work from home during COVID-19, industry employment is projected to only be slightly reduced in the current year to reflect some weaker industry demand.

E. COMPARABLE COMPANIES

Comparable Companies	Business description
CPT Global Limited	CPT Global provides IT consultancy services for federal and state government, banking and finance, insurance, telecommunications, and retail and manufacturing sectors in Australia, Europe, North America, and South America. The company offers digital consulting, capacity planning, cost reduction, mainframe and midrange performance, project and program management, technical support, and management IT services, as well as management, functional, and automation testing services. It also provides agile delivery, project management, application migration and remediation, and DevOps and release automation services; and enterprise testing, data virtualization and masking, test automation, command center and critical incident management, capacity planning, service availability management, monitoring and metrics, risk assessment and frameworks, and business continuity and disaster recovery services. In addition, the company offers performance engineering, solution architecture, mainframe optimization, midrange optimization, performance tuning, cloud strategy and maturity, and cloud migration services; and strategy and governance, project services, capability assessment and uplift, and code analytics services. Further, it offers storage optimization, digital product design, and innovation management services; and digital strategy, digital transformation, robotic process automation, workforce analytics and optimization, analytics and insights, artificial intelligence, and big data services. CPT Global Limited was founded in 1993.
Empired Limited	Empired provides IT solutions in Australia, New Zealand, and the United States. The company offers integrated solutions, such as cloud, enterprise content management, customer relationship management, data insight and business intelligence, digital and experience design, enterprise resource planning, expert guidance, identity and access management, infrastructure transformation, change management, Internet of Things, managed infrastructure, mobile solution, application, project management office, office accelerator, spatial, system integration, and unified communication services. It serves clients in various industries, such as automotive, education, financial services and insurance, health, mining, oil and gas, and retail and manufacturing, as well as serves public sector and utilities. Empired Limited was founded in 1999.
RXP Services Limited	RXP provides ICT consulting, development, support, and maintenance services in the Asia-Pacific Region. The company offers innovation, customer experience and service design, mobile and app development, talent solutions, and user experience services; and application and cloud development, architecture and solutions design, bots and intelligent applications, and customer relationship management services, as well as digital experience platforms, DevOps solutions, and Internet of Things. It also provides advisory, solutions, and enterprise architecture; business analysis and process; capability uplift, learning, and development; change management; and project and delivery services. In addition, the company offers BI, reporting, analytics, and visualization; data governance; data management and migration; data quality; data integration and delivery; master data management and product information management; and strategy and architecture solutions, as well as data warehouses, marts, and lakes. Further, it provides process transformation, enterprise mobility, and field service management services; and strategic and support services, as well as delivery as a service. RXP Services Limited was incorporated in 2010.
The Citadel Group Limited	The Citadel Group, a software and services company, provides software platforms, digital services, and managed services solutions in Australia and internationally. It operates in three segments: Health, Knowledge, and Technology. The company primarily offers term managed, software-as-a-service, product sales and installation, consulting, and professional services. It also provides education, specialist consulting and human resource, technology and integration, knowledge management and advisory, systems integration and software development, and information and communications technology managed services, as well as oncology patient-management software. It serves customers in the e-health, national security/defense, government, and tertiary education sectors. The company was founded in 2007.
Cirrus Networks Holdings Limited	Cirrus Networks provides IT services and related third-party products in Australia. The company offers business and technology consulting services; and integration services, such as connectivity and communications, data center, collaboration, infrastructure security, and project management services. It also provides managed and infrastructure services. Cirrus Networks Holdings Limited was founded in 2003.
DWS Limited	DWS Limited provides information technology (IT) services to corporations and government bodies in Australia and New Zealand. The company offers IT consulting, managed application, program and project management, customer driven innovation, digital transformation, data and business analytics, strategic advisory and productivity, and robotic process automation services. The company serves government and defense, banking and finance, utilities, transport, healthcare, IT and communication, FMCG and retail, resources, and other sectors. DWS Limited was founded in 1991 and is headquartered in Melbourne, Australia.

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