

# PS&C Limited

(ACN 164 718 361)

## Notice of General Meeting

A General Meeting of PS&C Limited will be held at Moore Stephens, Level 18, 530 Collins Street, Melbourne, VIC, 3000 on **Wednesday, 15 January 2020** at 11:00am (AEDT).

*The Business of the Meeting affects your shareholding and your vote is important.*

*This notice of general meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.*

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 8:00pm (AEDT) on Monday, 13 January 2020.*

Please contact the Company Secretary, Jeffrey Bennett, on +61 3 9682 2699 or email [Jeff.Bennett@pscgroup.com.au](mailto:Jeff.Bennett@pscgroup.com.au) if you wish to discuss any matter concerning the meeting.

# NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the Shareholders of PS&C Limited will be held at Moore Stephens, Level 18, 530 Collins Street, Melbourne, VIC, 3000 on Wednesday, 15 January 2020 at 11:00am (Australian Eastern Daylight Time) (**Meeting**).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form.

Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 11am on Monday, 13 January 2020.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### RESOLUTION 1

#### APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

*“That, for the purposes of Sections 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by the Company making a pro-rata distribution in-specie of 100,000,000 Tesserent Limited shares to all holders of ordinary shares in the Company at the Record Date (rounded down to the nearest whole Tesserent share) with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a Tesserent Shareholder and being bound by its Constitution, on the terms and conditions set out in the Explanatory Memorandum.”*

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**Dated: 10 December 2019**

**By order of the Board**

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## **IMPORTANT INFORMATION**

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### **TIME AND PLACE OF MEETING**

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Notice is given that the Meeting will be held at Moore Stephens, Level 18, 530 Collins Street, Melbourne, VIC, 3000 on Wednesday, 15 January 2020 at 11:00am (Australian Eastern Daylight Time).

### **PURPOSE OF THIS DOCUMENT**

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The purpose of this document is to:

- (a) set out all information which the Company considers relevant to a Shareholder's decision on how to vote on the Resolution; and
- (b) explain the terms of the proposed In-specie Distribution, and the manner in which the In-specie Distribution will be implemented (if approved).

This document includes a statement of all the information known to the Company that is material to Shareholders in deciding how to vote on Resolution 1, as required by Section 256C(4) of the Corporations Act.

### **DEFINED TERMS**

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Capitalised terms in this Notice of Meeting and Explanatory Memorandum are defined either in Schedule 1 or where the relevant term is first used.

### **RESPONSIBILITY**

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This Notice of Meeting and Explanatory Memorandum have been prepared by the Company under the direction and oversight of its Directors.

### **YOUR VOTE IS IMPORTANT**

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The business of the Meeting affects your shareholding and your vote is important.

### **VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 8.00 PM AEDT on Monday, 13 January 2020.

### **VOTING IN PERSON**

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A shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance

and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

## **VOTING BY CORPORATE REPRESENTATIVE**

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A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act 2001 (Cth). The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the meeting. This form may be obtained from the Company's share registry.

## **VOTING BY PROXY**

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Each Shareholder entitled to vote at the Meeting may appoint a proxy to attend and vote at the Meeting. To vote by proxy, please complete, sign and return the enclosed Proxy Form in accordance with its instructions. A proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Share Registry.

A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes to be exercised, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

### **(a) Proxy vote if appointment specifies way to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- i. the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- ii. if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- iii. if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- iv. if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### **(b) Transfer of non-chair proxy to chair in certain circumstances**

Section 250BC of the Corporations Act provides that, if:

- i. an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- ii. the appointed proxy is not the chair of the meeting;
- iii. at the meeting, a poll is duly demanded on the resolution; and
- iv. either of the following applies:
  - (A) the proxy is not recorded as attending the meeting;
  - (B) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The Chair intends to exercise all available proxies in favour of all Resolutions.

## **LODGEMENT OF PROXY DOCUMENTS**

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To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 11.00am (AEDT) on Monday, 13 January 2020. Any proxy form received after that time will not be valid for the scheduled meeting. Proxies should be returned as follows:

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

**Street Address:** Level 12, 225 George Street, Sydney NSW 2000  
**Postal Address:** GPO Box 3993, Sydney NSW 2001  
**Fax to:** +61 2 9290 9655

Or lodged online at <http://www.votingonline.com.au/pszgm2020>

## **OTHER LEGAL REQUIREMENTS - PROSPECTUS**

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Under applicable ASIC guidelines the invitation to Shareholders to vote on Resolution 1 of the Notice of Meeting constitutes an "offer" to transfer Tesserent Shares to Shareholders pursuant to the In-specie Distribution under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and the Company has decided not to seek relief, the Company has prepared a prospectus that contains information in relation to Tesserent (**Prospectus**)

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting. The Prospectus also allows Shareholders to sell their Tesserent Shares within the first 12 months after receiving them without further disclosure.

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 1 other than as disclosed in this Notice of Meeting and the Explanatory Memorandum, the accompanying Prospectus and information that the Company has previously disclosed to Shareholders.

## **ASIC AND ASX**

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A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASIC and ASX, together with a copy of the Prospectus that accompanies this Notice of Meeting. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

## **FORWARD-LOOKING STATEMENTS**

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This Notice of Meeting and Explanatory Memorandum contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Notice of Meeting and Explanatory Memorandum, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Notice of Meeting and Explanatory Memorandum will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Notice of Meeting and Explanatory Memorandum, except where required by law.

## **NO FINANCIAL PRODUCT ADVICE**

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This document does not constitute financial product, taxation or investment advice nor a recommendation in respect of the Tesserent Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information, having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their circumstances.

Neither the Company nor Tesserent is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of Tesserent Shares under the In-specie Distribution (whether the regime is provided for by law or otherwise).

## **NO INTERNET SITE IS PART OF THIS DOCUMENT**

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No internet site is part of this Notice of Meeting and Explanatory Memorandum. The Company maintains an internet site ([www.pscgroup.com.au](http://www.pscgroup.com.au)). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

## RECOMMENDATIONS

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Your Directors unanimously recommend the approval of Resolution 1 and encourage Shareholders to vote **IN FAVOUR OF** Resolution 1.

In forming their unanimous recommendation in respect of Resolution 1, the Directors have carefully considered the following matters:

- (a) Shareholders will continue to retain their current percentage ownership interest in the capital of the Company.
- (b) Based on there being 291,000,548 fully paid ordinary shares on issue at the date of this Notice, all Shareholders will collectively obtain an estimated 27.7% ownership of Tesserent through their individual pro-rata shareholdings in Tesserent.
- (c) All Shareholders will maintain the opportunity to participate in any ongoing increased value of the Security Segment through their interest in Tesserent whilst maintaining their interest in the remaining businesses held within the Company.
- (d) As Tesserent is listed on ASX, there will be a liquid market for Shareholders to facilitate trading of the Tesserent Shares.
- (e) Tesserent, as a company whose shares are quoted on ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations and Shareholders will be afforded the Shareholder protections provided by the ASX Listing Rules.

The Directors have also considered the following potential disadvantages:

- (a) Shareholders will become holders of Tesserent Shares and the objectives and interests of Tesserent may not align with those of Shareholders.
- (b) There is no guarantee that Tesserent Shares will rise in value.
- (c) Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Tesserent (e.g. brokerage costs).
- (d) There will be tax consequences for Shareholders, which may include tax being payable, in respect of the distribution of the Tesserent Shares to Shareholders. Details of the anticipated general taxation impact of the transaction are set out in Section 1.17 of this Explanatory Memorandum.
- (e) As a result of the return of capital, the Company will forego any premium it might have received from a person seeking to acquire a controlling interest in Tesserent.

Having regard to each of the above matters, the Directors consider that, on balance, the In-specie Distribution of Tesserent Shares to Shareholders is in the best interests of Shareholders as the Directors believe that the Company will be able to provide greater value to Shareholders through the In-specie Distribution.

**INDICATIVE TIMETABLE – KEY DATES\***

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<b>Event</b>	<b>Date</b>
Tesserent General Meeting to approval the acquisition of PS&C's Security Segment and issuance of 100,000,000 Tesserent Shares	3 December 2019
General Meeting to approval the In-specie Distribution of Tesserent Shares	15 January 2020
ASX informed of Shareholder approval	15 January 2020
Record Date	Monday, 13 January 2020
In-specie Distribution to Shareholders of Tesserent Shares	17 January 2020

**\* These dates are indicative only and may change without notice.**



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## EXPLANATORY MEMORANDUM

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The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 11.00am (AEDT) on Wednesday, 15 January 2020 at Moore Stephens, Level 18, 530 Collins Street, Melbourne, VIC, 3000.

The Explanatory Memorandum forms part of the Notice of Meeting which should be read in its entirety.

The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted and has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution.

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### 1. RESOLUTION 1 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION

#### 1.1 Background and Overview of the Proposal

PS&C Limited (ACN 164 718 361) was incorporated on 9 July 2013 and listed on the ASX on 2 December 2013. The principle activities of the Company are the provision of information and technology services to a diverse client base in Australia.

As announced to the market on 3 October 2019, the Company entered into a binding agreement (**Agreement**) with Tesserent Limited (ACN 605 672 928) (ASX:TNT) (**Tesserent**), to sell the Company's Security Segment for an upfront consideration of \$14.5M as follows:

Part A – \$9.5M in cash

Part B – 100,000,000 fully paid ordinary shares in Tesserent

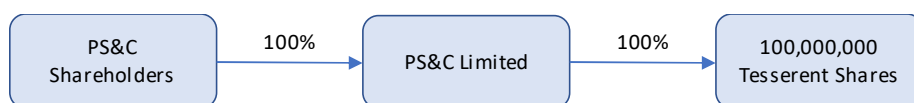
The Company intends to distribute the 100,000,000 shares in Tesserent (**Tesserent Shares**) in-specie to PS&C's Shareholders on a pro-rata basis (**In-specie Distribution**).

The In-specie Distribution will only proceed if PS&C obtain shareholder approval under the Corporations Act.

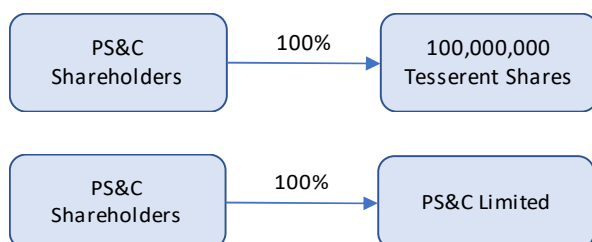
Should approval be obtained, the In-specie Distribution will be implemented by an equal reduction of PS&C capital on a pro-rata basis. PS&C Shareholders will receive an in specie return of capital by way of the distribution of Tesserent Shares in proportion to the number of PS&C Shares held by them at the Record Date. PS&C Shareholders will thereby retain direct ownership of PS&C and will also receive direct ownership of Tesserent.

The Company is seeking a taxation Class Ruling from the Australian Taxation Office (**ATO**) to confirm various income tax consequences that will arise for Shareholders who are Australian tax residents (see Section 1.17 for further details).

### Current Structure Pre In-specie Distribution



### Structure Post In-specie Distribution



The Company's primary purpose in undertaking the sale of the Security Segment and In-specie Distribution (together the **Proposal**) is to allow the Company to strengthen its Balance Sheet while affording the Company's Shareholders the opportunity to continue to derive value from the Security Segment as a shareholder in Tesseract through the In-Specie Distribution.

As a pure security focused business, Tesseract now has a significantly stronger service offering across a substantially larger client base with the inclusion of our Security Segment. This supports PS&C Directors' view of a stronger future value from being part of a dedicated cybersecurity business that, as a result of this transaction, will become Australia's largest ASX listed company in this space.

## 1.2 Tesseract Structure and Board

Tesseract Limited (ACN 605 672 928) was incorporated on 6 May 2015 and listed on the ASX on 15 February 2016 and is focused on providing Internet security services to help organisations defend against cybercrime.

The Tesseract Board of Directors presently comprises:

### ROBERT LANGFORD - Non-Executive Director and Chairman

Robert has over 40 years of IT experience, starting his career as a Cobol programmer with Royal Insurance in Melbourne, through to roles as senior system architect and project director with Mobil Oil in the UK European mainland during the early 90s.

Since 2002 Robert has owned and run various business in Australia ranging from IT to cattle farming.

Robert was a founding partner of Tesseract Australia Pty. Ltd.

## **GREG BAXTER - Non-Executive Director**

Current commercial role: Chief Digital Officer at MetLife.

Previously Greg was Global Head of Digital at Citibank and a Partner and U.K. Board member at Booz & Company. Additionally, Greg is a council member of Chatham House, a leading international affairs think tank.

## **JULIAN CHALLINGSWORTH - Chief Executive Officer**

Julian served as a Managing Director and Partner of The Litmus Group for over 10 years and a board member of PPB Advisory. Julian was a Director of Cordence World Wide a global consulting partnership with 2,800 consultants across 60+ locations.

Julian worked with the international team to develop sales and growth strategies for the eight-member firms.

### **1.3 Capital Reduction - General**

PS&C seeks Shareholder approval under Resolution 1 to enable the Company to reduce its capital by the distribution of specific assets to Shareholders, being 100,000,000 Tesseract Shares.

The Corporations Act and the ASX Listing Rules set out the procedure and timing for a capital reduction. Refer to Page 8 for an indicative timetable in respect of the Proposal. The alteration to the Company's capital and the In-specie Distribution will become effective from the Record Date, provided that after the Record Date has been set, the Directors have not provided a notice to ASX stating that the Company does not intend to proceed with the reduction of capital contemplated by Resolution 1.

If the capital reduction proceeds, Shareholders will receive a pro-rata entitlement to Tesseract Shares and each Shareholder's name will be entered on the register of members of Tesseract with each Shareholder having deemed to have consented to becoming a Tesseract shareholder and being bound by its constitution.

A Shareholder's entitlement to Tesseract Shares to be distributed is to be based on the number of Shares held at the Record Date.

Due to the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice of Meeting how many PS&C Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be.

Other than as shareholders of PS&C or as otherwise set out in this Explanatory Memorandum, none of the Directors have any interest in Resolution 1.

## **1.4 Advantages and Disadvantages of the Capital Reduction and In-specie Distribution**

### **(a) Advantages**

- i. Shareholders will continue to retain their current percentage ownership interest in the capital of the Company.
- ii. Based on there being 291,000,548 fully paid ordinary shares on issue at the date of this Notice, all Shareholders will collectively obtain an estimated 27.7% ownership of Tesserent through their individual pro-rata shareholdings in Tesserent.
- iii. All Shareholders will maintain the opportunity to participate in any ongoing increase in value of the Security Segment through their interest in Tesserent whilst maintaining their interest in the remaining businesses held within the Company.
- iv. As Tesserent is listed on ASX, there will be a liquid market for Shareholders to facilitate trading of the Tesserent Shares.
- v. Tesserent, as a company whose shares are quoted on ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations and Shareholders will be afforded the Shareholder protections provided by the ASX Listing Rules.

### **(b) Disadvantages**

- i. Shareholders will become holders of Tesserent Shares and the objectives and interests of Tesserent may not align with those of Shareholders.
- ii. There is no guarantee that Tesserent Shares will rise in value.
- iii. Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Tesserent (e.g. brokerage costs).
- iv. There may be taxation consequences in respect of the distribution of the Tesserent Shares to Shareholders. Details of the possible general taxation consequences of the transaction are set out in Section 1.17 of this Explanatory Memorandum.
- v. As a result of the return of capital, the Company will forego any premium it might have received from a person seeking to acquire a controlling interest in Tesserent.

## **1.5 Pro forma financial position of the Company and Tesserent upon completion of the Proposed Capital Reduction**

Set out in Schedule 2 is the unaudited statement of financial position of the Company as at 31 October 2019 together with the unaudited pro forma statement of financial position of the Company following completion of the Proposal.

A pro forma unaudited statement of financial position for Tesserent, reflecting the indicative balance sheet of Tesserent following completion of the Proposal is set out in Schedule 3.

## **1.6 Effect of Proposed Capital Reduction on Shareholders in PS&C**

### ***What will you receive?***

Subject to Shareholders approving Resolution 1, eligible Shareholders will receive an in-specie return of capital by way of the distribution of Tesserent Shares in proportion to the number of PS&C Shares held by them at the Record Date.

Shareholders are not required to contribute any payment for the Tesserent Shares which they are entitled to receive under the In-specie Distribution.

### ***What is the impact on your shareholding in PS&C?***

The number of Shares in PS&C that you hold will not change as a result of the In-specie Distribution.

### ***Do you have to do anything to receive your Tesserent Shares?***

If the In-specie Distribution proceeds, you will automatically receive the Tesserent Shares you are entitled to receive (unless you are an Ineligible overseas Shareholder, in which case you will receive the proceeds), even if you vote against the In-specie Distribution or do not vote at all.

### ***Will I be able to trade my Tesserent Shares?***

If the In-specie Distribution is approved by Shareholders and is implemented, a holder of Tesserent Shares will be able to trade their Tesserent Shares on the ASX.

### ***What are the income tax implications of the In-specie Distribution?***

A general guide to the expected income tax implications of the Proposal are set out in Section 1.17 of this Explanatory Memorandum. The description is expressed in terms of the Proposal and is not intended to provide taxation advice in respect of particular circumstances of any Shareholder. Shareholders should always obtain professional advice as to the taxation implications of the Proposal in their specific circumstances.

PS&C is applying to the ATO to seek a Class Ruling to confirm the key taxation consequences of the Proposal for Shareholders. PS&C will make an announcement to the ASX if it receives a draft of the Class Ruling before the General Meeting. When the Class Ruling is published by the ATO it will be available on the ATO website at [www.ato.gov.au](http://www.ato.gov.au). It is anticipated that the ATO's views in the Class Ruling will be generally consistent with what is set out at Section 1.17. However, it is possible that the ATO may reach a different conclusion. Accordingly, it is important that Section 1.17 be read in conjunction with the Class Ruling issued by the ATO.

### ***What will happen if Resolution 1 is not approved?***

In the event that Shareholder approval of Resolution 1 is not obtained, the In-specie Distribution will not proceed and the distribution of Tesserent Shares to PS&C Shareholders will not occur.

## 1.7 Disclosure to ASX

As an entity with Shares quoted on the Official List of the ASX, PS&C is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to PS&C can be accessed at either the ASX announcements platform or the Company's website – [www.pscgroup.com.au](http://www.pscgroup.com.au).

## 1.8 Risk Factors

On successful completion of the Proposal, Shareholders will become shareholders in Tesseract and should be aware of the general and specific risk factors which may affect Tesseract and the value of its securities. These risk factors are set out in Schedule 4.

## 1.9 Effect of Proposed Capital Reduction on the Company

A pro-forma statement of financial position of PS&C is contained in Schedule 2, which shows the financial impact of the capital reduction and the Proposal on the Company. Furthermore, the Company, being an ASX listed entity, is subject to the continuous disclosure requirements set out in Chapter 3 of the ASX Listing Rules. As such, the Company must immediately tell the ASX if it is or becomes aware of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

## 1.10 Director's interests and Recommendations

The table below sets out the number of securities in PS&C held by PS&C Directors at the date of the Meeting and also the number of Tesseract Shares they are likely to have an interest in if Resolution 1 is passed and implemented:

Director	PS&C Shares	Approximate Number of Tesseract Shares each Director will receive <sup>1</sup>
Kevin McLaine	4,949,832	1,700,970
Glenn Fielding	12,983,590	4,461,706
Robert Hogeland	13,725,492	4,716,655
Renata Sguario	500,000	171,821

### Notes

1. Assuming a 1 for 2.91 ratio for the In-specie Distribution for illustrative purposes only. It is not clear at the date of this Notice of Meeting what the exact ratio for the In-specie Distribution will be. Refer to Section 1.11 for further details.

After considering all relevant factors, the Directors recommend the Company's Shareholders vote in favour of Resolutions 1 for the reasons summarised in Section 1.4 of this Notice of Meeting.

### 1.11 Additional important information for PS&C Shareholders

- (a) The capital structure of PS&C as at the date of this Notice of Meeting is:

Type of Security	Number
Fully Paid Ordinary Shares	291,000,548

- (b) The capital structure of Tesserent as at the date of this Notice of Meeting is:

**Please refer to Annexure 1 which contains the last Appendix 3B lodged with ASX by Tesserent.**

Shareholders should note the structure as outlined in Tesserent's Appendix 3B contained in Annexure 1 is indicative only as at the date of this Notice of Meeting and that Tesserent retains discretion to amend the structure and issue additional shares or other forms of securities, such as options.

- (c) The return of capital will be affected by a pro-rata distribution of 100,000,000 Tesserent Shares in specie proportionately to all of the Company's Shareholders:
- (i) registered as such as at 5.00pm (AEDT) on the Record Date; or
  - (ii) entitled to be registered as a Shareholder in the Company by virtue of a transfer of Shares executed before 5.00pm (AEDT) on the Record Date and lodged with the Company at that time.

At the date of this Notice of Meeting, there are 291,000,548 Shares on issue in the Company. Assuming this same number of Shares was on issue at the Record Date, the formula for the In-specie Distribution would be approximately 1 Tesserent Share for every 2.91 PS&C Shares held. Any fractions of entitlement will be rounded down to the next whole number.

### 1.12 Information concerning PS&C Shares

The rights attaching to the PS&C Shares will not alter.

For the information of Shareholders, the highest and lowest recorded sale prices of the Company's Shares as traded on ASX during the 12 months immediately preceding the date of this Explanatory Memorandum, and the respective dates of those sales were:

	Price	Date
Highest	\$0.127	21 November 2018
Lowest	\$0.035	20 November 2019

The latest available closing price of PS&C Shares on ASX prior to the date of this Notice of Meeting was \$0.045 on DAY, 3 December 2019.

### **1.13 Section 256C of the Corporations Act**

The proposed reduction of capital by way of the In-specie Distribution is an equal capital reduction.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if it:

- (a) Is fair and reasonable to Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

The Directors believe that the Proposal is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. Under the proposed reduction of capital, each PS&C Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Shareholder. The In-specie Distribution is on a pro-rata basis, and the proportionate ownership interest of each Shareholder remains the same before and after the Proposal. Further, the Directors consider that the Proposal will not result in the Company being insolvent at the time or after the In-specie Distribution.

In accordance with the Corporations Act:

- (a) The proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of PS&C Shareholders;
- (b) This Explanatory Memorandum and accompanying Prospectus and previous ASX announcements set out all information known to PS&C that is material to the decision on how to vote on Resolution 1; and
- (c) PS&C has lodged with ASIC a copy of this Notice of Meeting and accompanying Prospectus.

### **1.14 ASX Listing Rule 7.17**

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro-rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The Proposal satisfies the requirements of ASX Listing Rule 7.17, as the issue of Tesserent Shares is being made to Shareholders on a pro-rata basis, and there is no restriction on the number of Shares a Shareholder must hold before the entitlement to the Tesserent Shares accrues.

### **1.15 Effect of Shareholder approval**

#### **(a) General**

If Resolution 1 is approved, Shareholders (as at the Record Date) will receive a pro-rata beneficial entitlement to Tesserent Shares based on the number of PS&C Shares held at the Record Date. The reduction in PS&C's capital and the transfer and distribution of Tesserent Shares will become effective from the Record Date (provided that after the Record Date has been set, the Directors have not provided a notice to ASX stating that



the Company does not intend to proceed with the reduction of capital contemplated by Resolution 1). Any fractions of entitlement will be rounded down to the next whole number. Shares in Tesserent are to be held subject to its constitution which is in standard form.

The actual dollar value of the proposed return of capital will be an amount equal to the value of the Tesserent Shares transferred and distributed to be assessed by the Directors. Please refer to Schedule 2 and Schedule 3 for the pro-forma statements of financial position of both PS&C and Tesserent which show the indicative financial impact of the Proposal.

The Board considers the proposed reduction of capital will have no material effect on the interests of PS&C Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the reduction set out in Section 1.4 above.

#### **(b) Overseas PS&C Shareholders**

The In-specie Distribution of the Tesserent Shares to overseas PS&C Shareholders under the reduction of capital will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a PS&C Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on PS&C an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on PS&C an undue burden, the Tesserent Shares to which the relevant PS&C Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by PS&C on their behalf, in order that PS&C will pay the relevant Shareholder a cash equivalent amount, or otherwise PS&C will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If PS&C elects to sell the Tesserent Shares on a relevant PS&C Shareholder's behalf, PS&C will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the In-specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each PS&C Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

#### **1.16 Information concerning Tesserent Shares**

Tesserent, as an entity with Shares quoted on the Official List of the ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to Tesserent may be accessed at Tesserent's ASX announcement platform.

For the information of Shareholders, the highest, lowest and the last recorded sale prices of Tesserent's Shares as traded on ASX during the 12 months immediately preceding the date of this Notice of Meeting were:

	Price	Date
Highest	\$0.075	28 February 2019
Lowest	\$0.039	17 July 2019
Last	\$0.046	3 December 2019

A summary of the more significant rights that will attach to the Tesserent Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Tesserent Shareholders. Full details of the rights attaching to the Tesserent Shares are set out in Tesserent's constitution, a copy of which is available on request.

**(a) General Meetings**

Tesserent shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the company.

The directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

**(b) Voting Rights**

Subject to any rights or restrictions, at general meetings:

- i. each shareholder present and entitled to vote may vote in person or by proxy, attorney or representative;
- ii. has one vote on a show of hands; and
- iii. has one vote for every share held, upon a poll.

**(c) Dividend Rights**

Tesserent shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the company and the declaration of directors as to the amount to be distributed is conclusive. Shareholders may be paid interim dividends or bonuses at the discretion of the directors.

**(d) Winding Up**

If the company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.

**(e) Transfer of Shares**

Shares can be transferred upon delivery of a proper written transfer instrument to the company or by a transfer in accordance with the ASX Settlement Operating Rules.

The Directors may refuse to register any transfer in any of the circumstances permitted by the ASX Listing Rules.

**(f) Variation of Rights**

The rights attaching to the shares may only be varied by the consent in writing of the holders of three-quarters of the shares, or with the sanction of a special resolution passed at a general meeting.

**1.17 Taxation**

The tax implications explained below only relate to Australian tax resident Shareholders who hold their PS&C Shares on capital account. This section does not consider Shareholders that hold their PS&C Shares on revenue account, carry on a business of trading in securities; are exempt from Australian tax; are foreign residents, insurance companies, banks or Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth).

The Company has applied for a Class Ruling from the ATO seeking to confirm key income tax implications arising from the Proposal. Shareholders must consult their own professional advisors to confirm these implications as they may vary depending on individual circumstances and taxation positions. Once a Class Ruling has been received, it will be available on the ATO website at [www.ato.gov.au](http://www.ato.gov.au).

The Company expects that the following consequences should arise for Shareholders who are Australian tax residents:

**(a) Demerger Relief**

The Proposal will not fall within the definition of a “demerger” for the purposes of applying demerger relief. Accordingly, subject to the comments below, no demerger taxation relief should be available to Shareholders.

**(b) Tesserent Shares received by Shareholders**

The In-Specie Distribution of Tesserent Shares should not constitute a dividend for income tax purposes. Nor is it anticipated that the Commissioner of Taxation will make a determination to treat the In-Specie Distribution as a dividend.

Instead, the In-Specie Distribution of Tesserent Shares to Shareholders should be treated as a non-assessable return of capital. As such, the following CGT consequences should arise for Australian tax resident Shareholders:

**(i) For Shareholders at Record Date and the date of the In-Specie Distribution**

CGT Event G1 should apply upon Shareholders receiving a non-assessable payment (that is, the In-Specie Distribution of Tesserent Shares). As such, Shareholders should be required to reduce their cost base in PS&C Shares by the amount of the non-assessable payment, which will equal the entire value of Tesserent Shares received.

To the extent that their cost base in PS&C Shares is reduced below nil, Shareholders should make a capital gain. Where the Shareholder is an individual, complying superannuation fund or trustee, and the PS&C Shares have been held for at least 12 months prior to the CGT event, the Shareholder may be entitled to a CGT discount. If the CGT discount applies, a capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation fund) may be reduced by one-half after offsetting current year or prior year capital losses, and for a complying superannuation fund, any capital gain may be reduced by one-third, in each case, only after offsetting current year or prior year capital losses. If the Shareholder is the trustee of a trust that has held the PS&C Shares for at least 12 months before disposal, the CGT discount may flow through to certain beneficiaries. Shareholders that are trustees should seek specific tax advice

The Tesserent Shares received by Shareholders will be taken to have been acquired at the time the In-Specie Distribution is made.

**(ii) For Shareholders at Record Date (who cease to be Shareholders at the time of the In-Specie Distribution)**

CGT Event C2 should apply upon Shareholders receiving the right to receive the In-Specie Distribution. As such, Shareholders should make a capital gain calculated as the proceeds received (equal to the market value of Tesserent Shares on the date of the In-Specie Distribution) less the cost base of the rights received (equal to nil). Any capital gain arising should not be eligible for the 50% CGT discount as the right would not be held for a period greater than 12 months.

The Tesserent Shares received by Shareholders will be taken to have been acquired at the time the In-Specie Distribution is made.

## **1.18 Lodgement with ASIC**

The Company has lodged with ASIC a copy of this Notice and Explanatory Memorandum in accordance with Section 256C(5) of the Corporations Act. ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice of Meeting relates.

If Resolution 1 is passed, the reduction of capital is required to take effect in accordance with a timetable approved by ASX. Please refer to Page 8 for the proposed indicative timetable for completion of the Proposal, which is subject to change by the Company and any requirements of the ASX Listing Rules and the Corporations Act.

#### **1.19 Other Material Information**

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 1 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in the Company) other than as disclosed in this Explanatory Memorandum and all relevant Schedules.

## Schedule 1 – Definitions

Term	Meaning
<b>\$</b>	Australian dollars
<b>AEDT</b>	Australian Eastern Daylight Time
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires
<b>ASX Listing Rules</b>	Listing Rules of ASX
<b>ATO</b>	Australian Taxation Office
<b>Board</b>	Current board of directors of PS&C
<b>Business Day</b>	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day
<b>Chair</b>	Chair of the Meeting
<b>Company or PS&amp;C</b>	PS&C Limited (ACN 164 718 361)
<b>Constitution</b>	The Company's constitution
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Directors</b>	Current directors of the Company
<b>Explanatory Memorandum</b>	Explanatory statement accompanying the Notice of Meeting
<b>General Meeting</b> or <b>Meeting</b>	Meeting convened by the Notice of Meeting
<b>In-specie Distribution</b>	Has the meaning given in Section 1.1 of the Explanatory Memorandum
<b>Notice</b> or <b>Notice of Meeting</b>	This notice of meeting including the Explanatory Memorandum and the Proxy Form
<b>Proposal</b>	The proposed sale of PS&C's Security Segment and In-specie Distribution as set out in Section 1.1 of the Explanatory Memorandum
<b>Prospectus</b>	Has the meaning given on Page 5
<b>Proxy Form</b>	Proxy form accompanying the Notice
<b>Record Date</b>	Date set by Directors as provided on Page 8
<b>Resolution</b>	Resolution set out in this Notice
<b>Security Segment</b>	The PS&C security companies sold to Tesserent as part of the Agreement
<b>Share</b>	Fully paid ordinary share in the capital of the Company
<b>Shareholder</b>	Registered holder of a Share
<b>Tesserent</b>	Tesserent Limited (ACN 605 672 928) (ASX:TNT)

## Schedule 2 – Unaudited PS&C Pro-forma Consolidated Statement of Financial Position as at 31 October 2019

### PS&C Ltd

### Balance Sheet as at 31 October 2019 (unaudited)

(Pre completion of the Proposal)

<b>BALANCE SHEET</b>		<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash		952,090
Trade debtors		6,487,694
Accrued revenue		984,773
Other current assets		245,073
<b>TOTAL CURRENT ASSETS</b>		<b>8,669,629</b>
<b>NON-CURRENT ASSETS</b>		
Fixed assets		296,562
Intangibles		51,797,866
Other Non-Current Asset		187,877
<b>TOTAL NON-CURRENT ASSETS</b>		<b>52,282,305</b>
<b>TOTAL ASSETS</b>		<b>60,951,934</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable		408,239
Other creditors/accruals		14,729,967
<b>TOTAL CURRENT LIABILITIES</b>		<b>15,138,206</b>
<b>NON-CURRENT LIABILITIES</b>		
Long Term Debt		17,291,995
Deferred Taxes		-
Total Other Non-Current Liabilities		2,788,903
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>20,080,898</b>
<b>TOTAL LIABILITIES</b>		<b>35,219,104</b>
<b>NET ASSETS</b>		<b>25,732,830</b>
<b>EQUITY</b>		
Share capital - ordinary		91,212,344
Reserves		593,769
Retained earnings - current period		(66,073,284)
<b>NET EQUITY</b>		<b>25,732,829</b>

## PS&C Ltd

### Balance Sheet as at 31 October 2019 (unaudited)

(Post completion of the Proposal)

BALANCE SHEET		\$
<b>CURRENT ASSETS</b>		
Cash		8,965,955
Trade debtors		8,222,012
Accrued revenue		1,219,607
Other current assets		279,805
<b>TOTAL CURRENT ASSETS</b>		<b>18,687,379</b>
<b>NON-CURRENT ASSETS</b>		
Fixed assets		319,208
Intangibles		26,823,686
Other Non-Current Asset		253,682
<b>TOTAL NON-CURRENT ASSETS</b>		<b>27,396,576</b>
<b>TOTAL ASSETS</b>		<b>46,083,954</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable		1,320,230
Other creditors/accruals		16,050,311
<b>TOTAL CURRENT LIABILITIES</b>		<b>17,370,541</b>
<b>NON-CURRENT LIABILITIES</b>		
Long Term Debt		6,842,891
Deferred Taxes		-
Total Other Non-Current Liabilities		2,810,660
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,653,551</b>
<b>TOTAL LIABILITIES</b>		<b>27,024,092</b>
<b>NET ASSETS</b>		<b>19,059,862</b>
<b>EQUITY</b>		
Share capital - ordinary		91,201,355
Reserves		593,769
Retained earnings - current period		(72,735,260)
<b>NET EQUITY</b>		<b>19,059,864</b>



## Schedule 3 – Unaudited Tesserent Pro-forma Consolidated Statement of Financial Position as at 31 October 2019

### Tesserent Limited (Consolidated Group) Balance Sheet as at 31 October 2019 (unaudited) (Post completion of the Proposal)

<b>BALANCE SHEET</b>		<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash & Equivalents		2,296,227
Accounts Receivable		1,420,875
Inventory		183,587
Other Current Asset		816,257
		<b>4,716,946</b>
<b>NON-CURRENT ASSETS</b>		
Fixed assets		477,770
Intangibles		18,526,808
Other Non-Current Asset		1,585,275
		<b>20,589,853</b>
<b>TOTAL ASSETS</b>		<b>25,306,799</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable		1,468,817
Other Current Liabilities		2,014,703
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,483,520</b>
<b>NON-CURRENT LIABILITIES</b>		
Long Term Debt		15,077,072
Deferred Taxes		67,977
Total Other Non-Current Liabilities		229,437
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>15,374,486</b>
<b>TOTAL LIABILITIES</b>		<b>18,858,006</b>
<b>NET ASSETS</b>		<b>6,448,793</b>
<b>EQUITY</b>		
Share Capital		21,002,326
Accumulated Losses & Reserves		<b>(14,553,532)</b>
<b>NET EQUITY</b>		<b>6,448,794</b>

## Schedule 4 – Key risk factors facing Tesseract

The business, assets and operations of Tesseract will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by Tesseract or by investors in Tesseract. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of Tesseract and the value of the Tesseract Shares. Therefore, the Tesseract Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

<b>Risk</b>	<b>Description</b>
<b>Key personnel</b>	<p>Tesseract's success depends to a significant extent on its key personnel, the directors, and its management team.</p> <p>The directors and management team have extensive experience in, and knowledge of, Tesseract's business and the Security-as-a-Service industry. There is a risk that Tesseract may not be able to attract and retain key staff or be able to find suitable replacements in a timely manner if key staff leave.</p> <p>The loss of key staff, or any delay in their replacement, could impact Tesseract's ability to operate its business and achieve its growth strategies.</p>
<b>Threat to Intellectual Property Rights and lack of Patents</b>	<p>The key intellectual property rights of Tesseract, being copyright in software (including source code and object code) and know-how, are not registrable in Australia or in many overseas jurisdictions.</p> <p>Tesseract does not own any registered patents in relation to the Managed Security Services Provider (MSSP) Platform. Accordingly, there is a risk that third parties might develop functionally identical products or otherwise obtain and use Tesseract's intellectual property rights without authorisation.</p>
<b>Technology Risks</b>	<p>There is a risk that, as marketable technologies continue to be developed in the managed security services industry, there may be certain information technology and product developments that supersede, and render obsolete, the existing product and service offerings of Tesseract.</p>
<b>Disruption to MSSP Platform</b>	<p>There is a risk that the MSSP Platform may be adversely affected by a number of factors including without limitation, computer viruses or hacking. Events of this nature may cause part of the MSSP Platform to become unavailable to customers.</p>
<b>Hacking</b>	<p>There is a risk that customers, including Channel Partners and their customers' systems could be hacked, which could result in losses being suffered by the Channel Partners, and their customers.</p>
<b>Industry Competition</b>	<p>The Security-as-a Service industry is highly competitive. The size and market strength of Tesseract's competitors may make it difficult for Tesseract to maintain a competitive position.</p>

<b>General economic conditions and outlook</b>	Tesserent's performance will be dependent on the general conditions and outlook of the local and global economies. These economies may in turn be affected by levels of business spending, inflation, interest rates, exchange rates and access to debt and capital markets. A prolonged or significant downturn in general economic conditions may have a material adverse impact upon Tesserent's financial performance.
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**Annexure 1 – Tesserent Limited – Appendix 3B**

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Tesserent Limited

ABN

13 605 672 928

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |                                                                                               |                                                                                                                                                                                                                 |
|---|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued                                                  | Fully paid ordinary shares (Shares)<br>Dec Employee Options<br>NED Dec Options<br>Managing Director Replacement Options<br>Warrants                                                                             |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 185,185 Shares issued to employee<br>6,583,333 Shares issued to NED's<br>3,000,000 Dec Employee Options<br>3,291,666 NED Dec Options<br>10,000,000 Managing Director Replacement Options<br>10,000,000 Warrants |

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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- 3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

**Shares** - Fully paid ordinary shares

**Dec Employee Options** – call options as set out in section 9

**NED Dec Options** - \$0.05 call options expiring 19 March 2020

**Managing Director Replacement Options** – rights to acquire Shares as set out in section 9

**Warrants** – warrants expire 30 September 2022 and each warrant converts into one share at the minimum of:

- \$0.08; or
- the TERP per Share of any new issue of Shares where the total number of Shares on issue as a result of the new issue results in the Company's total share capital increasing by more than 15% (whether as a result of one issuance or a series of related-issuances).

as set out in the announcement to ASX on 19 September 2019.

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+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Warrants – no, however on exercise the Shares issued will rank equally</p> <p>Options – no, however on exercise the Shares issued will rank equally</p> <p>Shares - Yes</p>
<p>5 Issue price or consideration</p>	<p>185,185 Shares issued to employee - nil          6,583,333 Shares issued to NED's - \$0.045          3,000,000 Dec Employee Options - nil          3,291,666 NED Dec Options - nil          10,000,000 Managing Director Replacement Options - nil          10,000,000 Warrants - nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>185,185 Shares issued to employee as part of employment contract</p> <p>6,583,333 Shares issued to NED's – as part of capital raising</p> <p>3,000,000 Dec Employee Options - as part of employment contract</p> <p>3,291,666 NED Dec Options – as part of capital raising</p> <p>10,000,000 Managing Director Replacement Options- as part of revised employment arrangements</p> <p>10,000,000 Warrants – as part of the Pure Asset Management Finance Facility</p>

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	29 November 2019
6c	Number of +securities issued without security holder approval under rule 7.1	Shares - 185,185 3,000,000 Dec Employee Options
6d	Number of +securities issued with security holder approval under rule 7.1A	nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	6,583,333 Shares issued to NED's 3,291,666 NED Dec Options 10,000,000 Managing Director Replacement Options 10,000,000 Warrants  Approval given on 29 November 2018
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A

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+ See chapter 19 for defined terms.



6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<div>Listing Rule 7.1 - 35,269,283</div> <div>Listing Rule 7.1A – 26,036,312</div>					
7	<p><sup>+</sup>Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	<div>2 December 2019</div>					
8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX ( <i>including</i> the <sup>+</sup> securities in section 2 if applicable)	<table><tr><th>Number</th><th><sup>+</sup>Class</th></tr><tr><td>261,148,310</td><td>Fully paid ordinary shares</td></tr></table>	Number	<sup>+</sup> Class	261,148,310	Fully paid ordinary shares	
Number	<sup>+</sup> Class						
261,148,310	Fully paid ordinary shares						

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	Number	<sup>+</sup> Class
		500,000	Call options expiring 8 May 2020 exercisable at 50c
		<b>NED Options</b>	
		1,000,000	\$0.10 call options vesting 21 December 2018 expiring 30 November 2021
		1,000,000	\$0.125 call options vesting 21 December 2019 expiring 30 November 2021
		1,000,000	\$0.15 call options vesting 21 December 2020 expiring 30 November 2021
		<b>Chairman's options</b>	
		1,000,000	\$0.10 call options vesting 8 February 2018 expiring 30 November 2021
		1,000,000	\$0.125 call options vesting 8 February 2019 expiring 30 November 2021
		1,000,000	\$0.15 call options vesting 8 February 2020 expiring 30 November 2021
		10,000,000	Call options exercisable at 5c per option expiring 3 December 2020.
		28,800 000	TC Call options exercisable at 5c per option expiring 19 March 2020
		20,055,557	June Placement Options exercisable at 5c per option expiring 19 March 2020

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<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

<b>Employee options</b> 100,000	\$0.10 call options expiring 1 March 2022
100,000	\$0.125 call options vesting 1 March 2020 expiring 1 March 2022
100,000	\$0.15 call options vesting 1 March 2021 expiring 1 March 2022
300,000	\$0.05 call options expiring 22.07.2021
<b>Employee Options</b> <b>2</b> 3,000,000	\$0.075 call options expiring 18.04.2021
<b>Broker options</b> 1,100,000	\$0.10 call options expiring 19 March 2021
500,000	\$0.10 call options expiring 29 March 2021
<b>Dec Employee Options</b> 1,000,000	\$0.075 expiring 29 Nov 2022
1,000,000	\$0.10 exercisable 29 Nov 2020 expiring 29 Nov 2022
1,000,000	\$0.125 exercisable 29 Nov 2021 expiring 29 Nov 2022
<b>NED Dec Options</b> 3,291,666	\$0.05 call options expiring 19 March 2020
<b>Warrants issued to Pure Asset Management Pty Ltd</b>	25,000,000
<b>Managing Director Replacement Options</b> See table below	

<b>Right to acquire Number of Shares:</b>	<b>Condition:</b>	<b>Expiry Date:</b>
-------------------------------------------	-------------------	---------------------

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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1,000,000	SP achieving \$0.075 for no less than 60 consecutive days	3 October 2021
1,000,000	SP achieving \$0.10 for no less than 60 consecutive days	3 October 2021
2,000,000	SP achieving \$0.15 for no less than 60 consecutive days	3 October 2021
2,000,000	SP achieving \$0.20 for no less than 60 consecutive days	3 October 2021
2,000,000	SP achieving \$0.25 for no less than 60 consecutive days	3 October 2021
2,000,000	SP achieving \$0.30 for no less than 60 consecutive days	3 October 2021

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) Unchanged

**Part 2 - Pro rata issue**

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the <sup>+</sup>securities will be offered
- 14 <sup>+</sup>Class of <sup>+</sup>securities to which the offer relates
- 15 <sup>+</sup>Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions

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<sup>+</sup> See chapter 19 for defined terms.

- 18 Names of countries in which the entity has security holders who will not be sent new offer documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

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- 19 Closing date for receipt of acceptances or renunciations

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**Appendix 3B**  
**New issue announcement**

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20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

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+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Issue date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of <sup>+</sup>securities  
(tick one)
- (a) ☒ <sup>+</sup>Securities described in Part 1
- (b) ☐ All other <sup>+</sup>securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"><thead><tr><th>Number</th><th>+Class</th></tr></thead><tbody><tr><td></td><td></td></tr></tbody></table>	Number	+Class		
Number	+Class					

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+ See chapter 19 for defined terms.



### Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .....  
(Company secretary)

Date: 3 December 2019

Print name: OLIVER CARTON

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

#### Part 1

Rule 7.1 – Issues exceeding 15% of capital		
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>		
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	131334383	
<b>Add</b> the following:	12.12.18	1000000
• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2	13.12.18	1000000
• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval	07.02.19	10000000
• Number of partly paid +ordinary securities that became fully paid in that 12 month period	12.02.19	300000
	19.03.19	23128000
	29.03.10	11300000
<b>Note:</b>		
• Include only ordinary securities here – other classes of equity securities cannot be added	15.04.19	240,000
• Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed	1.05.19	3600000
• It may be useful to set out issues of securities on different dates as separate line items	1.05.19	440740
	2.07.19	32,700,002
	3.07.19	1855555
	11.07.19	23,105,556
	16.09.19	1,000,000
	18.10.19	1,000,000

+ See chapter 19 for defined terms.

	<div>24.10.19      1,600,000</div> <div>16.05.19      700000</div> <div>23.07.19      7,985,556</div> <div>23.07.19      7,050,000</div> <div>16.09.19      1,590,000</div>
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	0
<b>“A”</b>	260,363,125

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	<div>0.15</div> <div><i>[Note: this value cannot be changed]</i></div>
<b>Multiply</b> “A” by 0.15	39,054,468
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> <li>Under an exception in rule 7.2</li> <li>Under rule 7.1A</li> <li>With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li><i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li><i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li><i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<div>18.10.19      600,000</div> <div>03.12.19      185,185</div> <div>03.12.19      3,000,000</div>
<b>“C”</b>	3,785,185
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
“A” x 0.15	36719135

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<i>Note: number must be same as shown in Step 2</i>	
<b>Subtract</b> “C”  <i>Note: number must be same as shown in Step 3</i>	3,785,185
<b>Total</b> [“A” x 0.15] – “C”	35,269,283  <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

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+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	260,363,125
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	26,036,312
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• This applies to equity securities – not just ordinary securities</li> <li>• Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</li> <li>• Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</li> <li>• It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	
<b>“E”</b>	0

+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10  <i>Note: number must be same as shown in Step 2</i>	26,036,312
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	0
<b>Total</b> [“A” x 0.10] – “E”	26,036,312  <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.



## ASX ANNOUNCEMENT TESSERENT LIMITED

MELBOURNE – 2 December 2019

### Cleansing Notice

This notice is given by Tesseract Limited (Company) under Section 708A(5)(e) of the Corporations Act 2001 (Cth) (Corporations Act).

The Company hereby confirms that:

(a) the Company has issued fully paid ordinary shares and/or options (Securities) in the number, at the issue price, on the terms and for the purposes as set out in the ASX Appendix 3B lodged on 2 December 2019.

(b) the Securities were issued without disclosure to investors under Part 6D.2 of the Corporations Act;

(c) the Company is providing this notice under paragraph 5(e) of section 708A of the Corporations Act;

(d) as at the date of this notice the Company, as a disclosing entity under the Corporations Act, has complied with:

- (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- (ii) section 674 of the Corporations Act as it applies to the Company; and

(e) as at the date of this announcement, there is no excluded information of the type referred to in Sections 708A(7) and 708A(8) of the Corporations Act.

### About Tesseract

Tesseract is a specialist in managed cyber security. Tesseract has built its own platform for the delivery of managed cyber-security, which it deploys for the management of its own customers and also licenses to partners around the world to enable them to deliver effective cyber-security management to their customers.

For more information, please visit the company's web site at [www.tesseract.com](http://www.tesseract.com).

#### Contact

Oliver Carton, Company Secretary

Phone: +61 (0)3 9880 5559

E-mail: [investor@tesseract.com](mailto:investor@tesseract.com)

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+ See chapter 19 for defined terms.

# **PS&C Limited**

## **(ACN 164 718 361)**

### **Short Form Prospectus**

**For an offer to transfer Tesserent Shares to Shareholders of PS&C Limited pursuant to a Capital Reduction by way of In-specie Distribution contained in the Capital Reduction Resolution in the Notice of Meeting dated 10 December 2019 and to facilitate secondary trading of those shares.**

#### **IMPORTANT NOTICE**

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Company Directors consider an investment in Tesserent Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.



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# 1. Important Notes

## 1.1 General

This Prospectus is dated 9 December 2019 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No Tesserent Shares may be offered or transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

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

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. Investment in the Tesserent Shares that are the subject of this Prospectus should be considered speculative.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Company Shareholders and professional advisers whom Company Shareholders may consult.

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser.

Defined terms and abbreviations used in this Prospectus are set out in Section 7.

## 1.2 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 21 November 2019.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Tesserent Shares under this Prospectus and contains information that will provide Company Shareholders and their professional advisers to assist them in making an informed assessment of:
  - (i) the rights and liabilities attaching to the Tesserent Shares;
  - (ii) the assets, liabilities and financial position and prospects of Tesserent;
- (b) refers Company Shareholders and their professional advisers to this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;

- (c) informs Company Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting or the Constitution by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Company Shareholders and their professional advisers or analysts.

### **1.3 Exposure Period**

The Corporations Act prohibits the Company from transferring the Tesserent Shares in the seven-day period after the date of lodgment of this Prospectus. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the transfer of the Tesserent Shares. Given the General Meeting will be held on 15 January 2020 and the In-specie Distribution will occur some time after that date, the exposure period will be expired by the time the In-specie Distribution occurs.

### **1.4 Forward-looking statements**

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward-looking statements or information.

Whilst the Company considers the expectations reflected in any forward-looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Schedule 4 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to Tesserent, may cause actual events to be materially different from those expressed, implied or projected in any forward-looking statements or information. Any forward-looking statement or information contained in this Prospectus is qualified by this cautionary statement.

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## **2. The Offer**

### **2.1 Terms and Conditions of the Offer**

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus. The Capital Reduction Resolution of the Notice of Meeting is as follows:

*"That, for the purposes of Sections 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by the Company making a pro-rata distribution in-specie of 100,000,000 Tesserent Limited shares to all holders of ordinary shares in the Company at the Record Date (rounded down to the nearest whole Tesserent share) with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a Tesserent Shareholder and being bound by its Constitution, on the terms and conditions set out in the Explanatory Memorandum."*

Pursuant to the Capital Reduction Resolution, the Company is inviting Company Shareholders to vote on a reduction of capital by way of an In-specie Distribution of 100,000,000 Tesserent Shares to Company Shareholders on a pro-rata basis. This represents one Tesserent Share for approximately every 2.72 PS&C Shares held by Company Shareholders on the Record Date (rounded down to the nearest whole Tesserent Share).

The In-specie Distribution will only proceed if PS&C obtain shareholder approval under the Corporations Act.

Based on ASIC Regulatory Guide 188, the invitation to vote on the Capital Reduction Resolution of the Notice of Meeting constitutes an offer to transfer the Tesserent Shares for the purposes of Section 707(3) of the Corporations Act. Accordingly, the Company has prepared this Prospectus.

Distribution of Tesserent Shares to any Shareholder with a registered address outside Australia under the Capital Reduction Resolution will be subject to the legal and regulatory requirements in the relevant jurisdictions of those Shareholders.

If the requirements of any jurisdiction where an PS&C Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on PS&C an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on PS&C an undue burden, the Tesserent Shares to which the relevant PS&C Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by PS&C on their behalf, in order that PS&C will pay the relevant Shareholder a cash equivalent amount, or otherwise PS&C will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If PS&C elects to sell the Tesserent Shares on a relevant PS&C Shareholder's behalf, PS&C will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the In-specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each PS&C Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

## **2.2 Effect of the Offer on the Company**

The effect of the Offer on the Company will be:

- (a) the Company ceasing to own 100,000,000 Tesserent Shares; and
- (b) the Company's share capital and total and net assets being reduced by approximately \$5,000,000. This figure will vary slightly depending on the fair market value of the Tesserent Shares; and
- (c) Company Shareholders that are registered on the Record Date will receive one Tesserent Share for approximately every 2.91 PS&C Shares held.

## **2.3 Effect of the Offer on Tesserent**

The effect of the Offer on Tesserent will be that the 100,000,000 Tesserent Shares held by the Company will no longer be held by a sole shareholder and instead will be held by Company Shareholders that are registered on the Record Date.

## **2.4 Action required by Company Shareholders**

No action is required by Company Shareholders under this Prospectus.

Should Company Shareholder approval be obtained for the In-specie Distribution, the Tesserent Shares will be transferred to Company Shareholders in accordance with the terms set out in the Notice of Meeting.

In accordance with ASIC Class Order 07/10, no application form is required to be completed or returned to participate in the proposed distribution and transfer of Tesserent Shares under the Capital Reduction, and no application form is included in or accompanies this Prospectus.

If you have any queries regarding this Prospectus, please contact the Company Secretary on +61 3 9682 2699 or email.

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## **3. Information deemed to be incorporated in this Prospectus**

### **3.1 Short Form Prospectus**

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Company Shareholders require in relation to the Proposal and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised below in Section 3.2 of this Prospectus and will primarily be of interest to Company Shareholders and their professional advisers.

A copy of the Notice of Meeting has been sent to Company Shareholders with this Prospectus. However, Company Shareholders and their professional advisers may also obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours.

### **3.2 Summary of material provisions of Notice of Meeting**

The material provisions of the Notice of Meeting are summarised below. The Sections and Schedules referred to below are a reference to Sections and Schedules (respectively) in the Explanatory Memorandum to the Notice of Meeting:

**(a) Page 8 – Timetable**

This Section sets out the indicative timetable for the In-specie Distribution.

**(b) Section 1.1 – Background and Overview of the Proposal**

This Section provides an overview of the Company and the Proposal, and the Security Segment which is to be acquired by Tesserent from the Company under the Acquisition Agreement.

**(c) Sections 1.3, 1.6, 1.9 and 1.13 – Capital reduction**

These Sections provide an overview of the Capital Reduction, include a statement that the Company Directors believe that the Capital Reduction is fair and reasonable to Company Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors, and set out the effect of the Capital Reduction on the Company's Shareholders.

**(d) Sections 1.5, 1.9 and Schedules 2 and 3 – Pro-forma financial information**

These Sections and Schedules 2 and 3 include a pro-forma balance sheet of the Company's unaudited balance sheet as at 31 October 2019 as a result of the Proposal, which includes the In-specie Distribution, and Tesserent's unaudited consolidated balance sheet as at 31 October 2019 (assuming the Proposal is completed).

**(e) Section 1.4 – Advantages and disadvantages**

This Section outlines the principal advantages and disadvantages to Company Shareholders of the Proposal.

**(f) Section 1.2 - Information on Tesserent's Board**

These Section provides information about Tesserent's board of directors.

**(g) Section 1.8 and Schedule 4 – Risk Factors**

This Section and Schedule 4 list a number of specific and general risks that may have a material effect on the financial position and performance of Tesserent and the value of Tesserent Shares.

**(h) Section 1.10 – Directors' interests and recommendations**

This Section details the number of securities in the Company which the PS&C Directors have an interest in prior to the Proposal and the number of Tesserent Shares they are likely to receive if the Proposal is completed.

**(i) Sections 1.11 and 1.16 – Additional information**

These Sections set out the proposed capital structures of the Company and Tesserent following completion of the Proposal, and provide details of recent trading information with respect to the Company's Shares.

**(j) Section 1.15 – Effect of Shareholder approval**

This Section outlines the effect of the proposed Capital Reduction on Company Shareholders which is that eligible Company Shareholders registered on the Record Date will receive a pro-rata distribution in-specie of Consideration Shares. This Section also outlines the treatment of overseas Company Shareholders and the effect of the Proposal on existing Company Options.

**(k) Section 1.16 - Information concerning Tesserent Shares**

This Section contains a summary of the more significant rights and liabilities attaching to Tesserent Shares.

## (l) Section 1.17 – Taxation implications

This Section provides an overview of the potential income taxation implications for the Company's Australian tax resident Shareholders, and notes the Company has sought clarification of income tax implications arising from the Proposal for Australian tax resident Shareholders through an application for a Class Ruling.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences for Company Shareholders.

## 4. Additional Information

### 4.1 Interests of Directors

Tesseract is a Listed company on the ASX and under the ASX Listing Rules is bound by continuous disclosure rules relating to Directors Interests.

The last Director's Interest Notices Lodged with the ASX are readily available on the Tesserents website – <https://tesseract.com/investor-center/> or <https://www.asx.com.au/>.

Except as set out in this Prospectus or the Notice of Meeting, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Tesseract Director either to induce him to become, or to qualify, as a Tesseract Director or otherwise for services rendered by them in connection with the Offer.

### 4.2 Remuneration of Tesseract Directors

Tesseract is a Listed company on the ASX and under the ASX Listing Rules is bound by continuous disclosure rules relating to Directors remuneration which is contained in Tesseract's Annual Report to shareholders.

Tesseract's Annual Report to shareholders for the financial year ending 30 June 2019 outlined the following remuneration for its directors:

	Short Term		Post-Employment	Long Term Benefits	Share Based Payments	Total	Total Performance Related	Options as a % of Total
	Salary/Fees	Bonus	Super-annuation	Long Service Leave	Options/Deferred Options	Total	Total Performance Related	Options as a % of Total
	\$	\$	\$	\$	\$	\$	%	%
R Langford	109,747	-	-	-	160,945	270,692	-	59.5
K Glennan (1)	181,912	25,000	-	-	-	206,912	-	-
G Baxter	45,000	-	-	-	-	45,000	-	-
S Bertamini	45,000	-	-	-	-	45,000	-	-
J Challingsworth (2)	170,300	15,403	-	-	111,319	297,022	-	24.8
<b>Total</b>	<b>551,959</b>	<b>40,403</b>	-	-	<b>272,264</b>	<b>864,626</b>	-	-

(1) 1 Resigned 28 February 2019

(2) Appointed 1 August 2018. J Challingsworth was issued 1 million shares in the company as a sign on bonus, with a fair value of \$50,000. This is included in Share Based Payments in the table above. There were no non-monetary benefits provided

### 4.3 Interests of Advisors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of Tesserent or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of Tesserent;
- (b) any property acquired or proposed to be acquired by Tesserent in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of Tesserent or the Offer.

Anzarut & Partners has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Anzarut & Partners approximately \$10,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Anzarut & Partners has received approximately \$30,000.00 in fees from the Company.

### 4.4 Substantial Tesserent Shareholders

As at the date of this Prospectus, the Company does not hold an equity position in Tesserent. If Tesserent Shareholders approve the acquisition of PS&C's Security Segment and the issuance of 100,000,000 Tesserent Shares to PS&C, then PS&C will hold approximately 28.3% equity interest in Tesserent.

Based on the information known as at the date of this Prospectus, the following persons have an interest in 5% or more of the Tesserent Shares on issue.

Name of Tesserent Shareholder	Number of Tesserent Shares	Percentage interest
RTSF SUPER PTY LTD	18,684,010	6.64%
BELGRAVIA STRATEGIC EQUITIES PTY LTD	14,655,556	5.83%

### 4.5 Litigation

To the knowledge of the Company Directors, as at the date of this Prospectus, Tesserent is not involved in any legal proceedings, and the Company Directors are not aware of any legal proceedings pending or threatened against Tesserent.

### 4.6 Dividend policy

The Company notes that Tesserent did not declare or pay a dividend during the 2019 financial year as disclosed in the Tesserent Annual Report to Shareholders.

Any future determination as to the payment of dividends by Tesserent will be at the discretion of the Tesserent Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of Tesserent, future capital requirements and general business and other factors considered relevant by the Tesserent Directors. No assurances can be given by the Company in relation to the payment of dividends by Tesserent or that franking credits may attach to any dividends.



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## 5. Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

Anzarut & Partners has given and has not, before lodgment of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in relation to the Offer in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated, and to all references to the Notice of Meeting in this Prospectus in the form and context in which they appear.

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## 6. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Company Directors.

In accordance with Section 720 of the Corporations Act, each Company Director has consented to the lodgment of this Prospectus with ASIC and has not withdrawn that consent.

Renata Sguario  
Chairman  
10 December 2019

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## 7. Definitions

**ASIC** means Australian Securities and Investments Commission.

**ASX** means Australian Securities Exchange Limited (ACN 008 624 691).

**Board** means the board of Company Directors unless the context indicates otherwise.

**Capital Reduction** means the equal reduction of capital of the Company proposed to be satisfied by the In-specie Distribution and transfer to eligible Company Shareholders (in proportion to their holdings of PS&C Shares) of Consideration Shares held by the Company.

**Capital Reduction Resolution** means Resolution 1 of the Notice of Meeting to be put to Company Shareholders at the General Meeting to approve the Capital Reduction.

**Company** or **PS&C** means PS&C Limited (ACN 164 718 361).

**Company Directors** means the directors of the Company as at the date of this Prospectus.

**Company Shareholder** means a holder of PS&C Shares.

**Constitution** means the Company's constitution as at the date of this Prospectus.

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

**Explanatory Memorandum** means the explanatory statement accompanying and forming part of the Notice of Meeting.

**General Meeting** or **Meeting** means the meeting that is the subject of the Notice of Meeting.

**In-specie Distribution** means the proposed in-specie distribution of the Consideration Shares by PS&C to eligible PS&C Shareholders.

**Notice of Meeting** means the Notice of General Meeting of the Company dated 9 December 2019 in which the Capital Reduction Resolution is to be considered.

**Offer** means the offer of Consideration Shares pursuant to the Notice of Meeting.

**Proposal** means the proposed sale of PS&C's Security Segment to Tesserent and In-specie Distribution as set out Section 1.1 of the Explanatory Memorandum.

**Prospectus** means this short form prospectus prepared in accordance with section 712 of the Corporations Act and dated 10 December 2019.

**PS&C Share** means a fully paid ordinary share in the capital of the Company.

**Record Date** means the record date to be set by Directors in accordance with Section 1.3 of the Notice of Meeting.

**Schedule** means a schedule of the Notice of Meeting.

**Section** means a section of this Prospectus, the Notice of Meeting or the Corporations Act, as the context requires.

**Security Segment** means the PS&C security companies sold to Tesserent.

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

**Shareholder** means a registered holder of a Share

**Tesserent** means Tesserent Ltd (ACN 605 672 928).

**Tesserent Director** means a current director of Tesserent.

**Tesserent Share** means a fully paid ordinary share in the capital of Tesserent

**Tesserent Shareholder** means a holder of a Tesserent Share.



#### All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEDT) on Wednesday 15 January 2020.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/pszgm2020>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEDT) on Monday, 13 January 2020.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/pszgm2020>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

#### Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **PS&C Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **Moore Stephens, Level 18, 530 Collins Street, Melbourne, VIC, 3000 on Wednesday 15 January 2020 at 11:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

	For	Against	Abstain*
Resolution 1 Approval for an Equal Reduction of Capital and In-Specie Distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / /