



ADJUSTMENT OF PURCHASE PRICE

The share purchase agreement dated 3 February 2015 between Montech Holdings Limited (**Company**) and the shareholders of Technology Effect Pty Ltd (**Tech Effect SPA**) provides that the purchase price will be adjusted down where the company's net tangible assets are in deficit or where the Company's cash balance is less than a set amount. The total adjustment will be the amount by which the net tangible assets are in deficit or the amount by which the cash balance is less than \$1,051,270.

The adjustment amount which is to be subtracted from the purchase price is calculated in accordance with Schedule 4 of the Tech Effect SPA which is extracted below. The adjustment will be calculated by an independent accounting firm within 45 days of the completion of the transaction.

In anticipation of the possible adjustment to the purchase price, as required by the Tech Effect SPA, the Company has withheld \$200,000.00 of the cash consideration payable for the purchase of Technology Effect Pty Ltd (**Escrow Amount**). The Escrow Amount is being held in the trust account of the Company's solicitors until the calculation of the adjustment, at which point it will be returned to the Company to the extent the purchase price is adjusted downwards, with any remainder being subsequently paid to the vendors of Technology Effect Pty Ltd.

Schedule 4 of Tech Effect SPA

1. Definitions

In this schedule the following terms are defined as follows:

Cash Balance means the cash and cash equivalents balance amount as at Completion.

Net Tangible Assets means the Net Tangible Assets as at Completion.

NTA Adjustment Amount means an amount calculated in accordance with clause 3 of this schedule.

Cash Balance Adjustment Amount means an amount calculated in accordance with clause 4 of this schedule.

2. Adjustment Amount

The Adjustment Amount shall be calculated by adding together the NTA Adjustment Amount and the Cash Balance Adjustment Amount.

3. NTA Adjustment Amount

- 3.1 Where the Net Tangible Assets is less than \$0 (nil) the NTA Adjustment Amount shall be calculated as follows:

$$\text{NTAAA} = (\$0 - \text{NTA})$$

where:

NTAAA stands for NTA Adjustment Amount; and

NTA stands for Net Tangible Assets;

and providing that where this calculation yields a results of zero or less than zero, the NTA Adjustment Amount shall be nil.

- 3.2 Where the Net Tangible Assets is greater than \$0 (nil), the NTA Adjustment Amount shall be nil.

4. Cash Balance Adjustment Amount

- (a) Where the Cash Balance is less than \$1,051,270 the Cash Balance Adjustment Amount shall be calculated as follows:

$$\text{CBAA} = (1,051,270 - \text{CB} - \text{NTAAA})$$

where:

CBAA stands for Cash Balance Adjustment Amount.

CB stands for Cash Balance.

NTAAA stands for NTA Adjustment Amount (as calculated in accordance with clauses 3.1 or 3.2 of this schedule);

and providing that where this calculation yields a results of zero or less than zero, the Cash Balance Adjustment Amount shall be nil.

- (b) Where the Cash Balance is \$1,051,270 or more, the Cash Balance Adjustment Amount shall be nil.



ADJUSTMENT OF PURCHASE PRICE

The share purchase agreement dated 3 February 2015 between Montech Holdings Limited (**Company**) and the shareholders of Breeze Training Pty Ltd (**Breeze SPA**) provides that the purchase price will be adjusted down where the Company's net tangible assets, cash balance or working capital ratio are below certain thresholds. The total adjustment will be the amount by which the net tangible assets are below \$545,123 or the amount by which the cash balance is less than \$300,000 or the amount of any cash required to bring the working capital ratio to at least 1.25.

The adjustment amount which is to be subtracted from the purchase price is calculated in accordance with Schedule 4 of the Breeze SPA which is extracted below. The adjustment will be calculated by an independent accounting firm within 45 days of the completion of the transaction.

In anticipation of the possible adjustment to the purchase price, as required by the Breeze SPA, the Company has withheld \$100,000.00 of the cash consideration payable for the purchase of Technology Effect Pty Ltd (**Escrow Amount**). The Escrow Amount is being held in the trust account of the Company's solicitors until the calculation of the adjustment, at which point it will be returned to the Company to the extent the purchase price is adjusted downwards, with any remainder being subsequently paid to the vendors of Breeze Training Pty Ltd.

Schedule 4 of Breeze SPA

1. Definitions

In this schedule the following terms are defined as follows:

Cash Balance means the cash balance amount indicated on the Completion Balance Sheet.

Current Liabilities means the total current liabilities amount indicated on the Completion Balance Sheet.

Current Assets means the total current assets amount indicated on the Completion Balance Sheet.

Net Tangible Assets means the net tangible assets amount indicated on the Completion Balance Sheet.

Working Capital Ratio means the working capital ratio indicated on the Completion Balance Sheet.

Working Capital Adjustment Amount means an amount calculated in accordance with clause 3 of this schedule.

NTA Adjustment Amount means an amount calculated in accordance with clause 3 of this schedule.

Cash Balance Adjustment Amount means an amount calculated in accordance with clause 4 of this schedule.

Cash Balance Target means \$300,000.00 less any amounts paid by the Company to the Vendors in lieu of accrued annual leave pursuant to clause **Error! Reference source not found.** in the period between execution of this agreement and Completion.

2. Adjustment Amount

The Adjustment Amount shall be calculated by adding together the Working Capital Adjustment Amount, the NTA Adjustment Amount and the Cash Balance Adjustment Amount.

3. Working Capital Adjustment Amount

- 3.1 Where the Working Capital Ratio is below 1.25, the Working Capital Ratio Adjustment Amount shall be calculated as follows:

$$WCAA = (1.25 \times CL) - CA$$

where:

WCAA stands for Working Capital Adjustment Amount;

CL stands for Current Liabilities; and

CA stands for Current Assets.

- 3.2 Where the Working Capital Ratio is 1.25 or above, the Working Capital Ratio Adjustment Amount shall be nil.

4. NTA Adjustment Amount

- 4.1 Where the Net Tangible Assets is less than \$545,123 the NTA Adjustment Amount shall be calculated as follows:

$$NTAAA = (\$545,123 - NTA - WCAA)$$

where:

NTAAA stands for NTA Adjustment Amount.

NTA stands for Net Tangible Assets; and

WCAA stands for Working Capital Adjustment Amount (as calculated in accordance with clauses 3.1 or 3.2 of this schedule);

and providing that where this calculation yields a results of zero or less than zero, the NTA Adjustment Amount shall be nil.

- 4.2 Where the Net Tangible Assets is \$545,123 or more, the NTA Adjustment Amount shall be nil.

5. Cash Balance Adjustment Amount

- (c) Where the Cash Balance is less than the Cash Balance Target the Cash Balance Adjustment Amount shall be calculated as follows:

$$\text{CBAA} = (\text{CBT} - \text{CB} - \text{WCAA} - \text{NTAAA})$$

where:

CBAA stands for Cash Balance Adjustment Amount.

CB stands for Cash Balance.

CBT stands for Cash Balance Target.

WCAA stands for Working Capital Adjustment Amount (as calculated in accordance with clauses 3.1 or 3.2 of this schedule);

NTAAA stands for NTA Adjustment Amount (as calculated in accordance with clauses 3.1 or 3.2 of this schedule);

and providing that where this calculation yields a results of zero or less than zero, the Cash Balance Adjustment Amount shall be nil.

- (d) Where the Cash Balance is equal to or greater than the Cash Balance Target, the Cash Balance Adjustment Amount shall be nil.