

4 June 2013

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

P2ES HOLDINGS, INC. TO ACQUIRE ISS GROUP LIMITED

The Directors of ISS Group Limited (**ISS** or **Company**) (**ASX: ISS**) are pleased to announce the proposed acquisition of all of the issued fully paid ordinary shares in the capital of the Company (**ISS Shares**) by P2ES Holdings, Inc. (**P2**), by means of an ISS scheme of arrangement (the **Scheme**).

Under the Scheme, holders of ISS Shares (**ISS Shareholders**) will, subject to satisfaction of the conditions precedent to the Scheme, receive a total cash consideration of \$0.33 cash for every ISS Share held.

The Scheme consideration of \$0.33 per ISS Share represents:

- a 50% premium to \$0.22, the closing price of ISS Shares on 31 May 2013 (being the last trading day before announcement of the Scheme - **Last Trading Date**);
- a 38.7% premium to \$0.238, the volume weighted average price (**VWAP**) of ISS Shares 30 days up to and including the Last Trading Date; and
- a 41.4% premium to \$0.2334, the VWAP of ISS Shares for 90 days up to and including the Last Trading Date.

The Scheme implies a value for ISS of approximately \$45,000,000.

The Directors of ISS have commissioned RSM Bird Cameron (**Independent Expert**) to opine on whether the Scheme is in the best interests of ISS Shareholders. The Independent Expert's Report will be provided to ISS Shareholders as part of a scheme booklet prepared by ISS containing information in relation to the Scheme, including a recommendation of the ISS Directors.

The Directors of ISS have carefully considered the advantages and disadvantages of the Scheme and, in the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders, unanimously recommend that ISS Shareholders vote in favour of the resolution to approve the Scheme at the upcoming scheme meeting.

In the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders, each of the ISS

Directors intends to vote the ISS Shares in which they have a relevant interest in favour of the resolution to approve the Scheme at the upcoming scheme meeting, which amounts to approximately 28% of the total current ISS Shares on issue.

Each member of the Company's key management has entered into new employment agreements with the Company on terms satisfactory to P2.

ISS's Chairman, Evan Cross said today:

"The ISS Board believes that the cash offer from P2 represents a good opportunity for ISS Shareholders to realise value and secure an attractive premium in an uncertain market environment. As a board we are unanimously of the view that the P2 proposal is in ISS Shareholders' best interests, in the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders."

About P2

P2 is a leading technology company that provides a comprehensive range of software, geospatial data, land management tools, and outsourcing services, to the energy industry. More than 1,200 energy companies around the world use P2 products and services to improve decision-making, gain clarity into complex workflow scenarios, and optimise upstream efficiency. For more information about P2, visit www.p2energysolutions.com.

Scheme Details

ISS and P2 have entered into a Merger Implementation Agreement (**MIA**) under which each party has agreed to take all steps necessary to implement the Scheme. The implementation of the Scheme is subject to a number of conditions precedent, including, but not limited to, an Independent Expert's Report concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders, ISS Shareholders and the court approving the Scheme, and there being no material adverse change in relation to ISS.

A copy of the MIA is attached to this announcement.

Timetable

ISS Shareholders are expected to receive a scheme booklet in relation to the Scheme on 21 June 2013, with a scheme meeting where ISS Shareholders may vote to approve the Scheme expected to be held on 22 July 2013. The Scheme is expected to be implemented by 31 July 2013. Details of the scheme meeting, including voting procedures, will be included in the scheme booklet.

Steinepreis Paganin is acting as legal adviser to ISS.

Contacts

Name	Company	Contact
Evan Cross	Chairman ISS Group Limited	+61 8 9241 0300
Richard Pang	Chief Executive Officer ISS Group Limited	+61 8 9241 0300

Richard Pang is available for meetings in Perth, Melbourne and Sydney on the following dates. Please contact Christie Battishall on +61 8 9241 0300 to book a meeting.

City	Date/s
Perth	Wednesday, 5 June 2013
Melbourne	Friday, 7 June 2013
Sydney	Tuesday, 11 June 2013 & Wednesday, 12 June 2013

About ISS Group Limited:

ISS Group delivers operational management software solutions to the global Oil and Gas, Mining, Metals, Minerals and Manufacturing industries. ISS Group was established in 1995 and listed on the ASX in 2004. The Company has offices in Australia, US, Europe and Asia and has a blue chip client base including Chevron, BHP Billiton, Woodside, Santos, Rio Tinto, Shell, BG Group, BP, Hess Corporation, Maersk Oil, Petronas, PTTEP and Fortescue Metals.

The BabelFish™ product suite comprises a number of integrated modules that enable operations to capture, validate, analyse and report against business critical data and workflows. BabelFish™ provides an efficient and integral decision making and problem solving environment for personnel in operations, engineering and business management.

Please visit the ISS Group website www.issgroup.com.au for further information.

Merger Implementation Agreement

A copy of the MIA is attached to this announcement.

KING & WOOD
MALLESONS

Merger Implementation Agreement

Dated 4 JUNE 2013

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Level 61
Governor Phillip Tower
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Australia
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DX 113 Sydney
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02-5506-3640
GRG:MV

Merger Implementation Agreement

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Merger Implementation Agreement

Details

Parties	P2 and ISS	
P2	Name	P2ES Holdings, Inc.
	Incorporated in	Delaware, United States of America
	Address	1670 Broadway, Suite 2800 Denver CO 80202 UNITED STATES OF AMERICA
	Telephone	+1 303 292 0990
	Fax	+1 303 292 1812
	Email	sgrieshaber@p2energysolutions.com
	Attention	Shaine Grieshaber, General Counsel
ISS	Name	ISS Group Limited
	ABN	27 109 443 852
	Incorporated in	Commonwealth of Australia
	Address	40 Hasler Road Osborne Park WA 6017 AUSTRALIA
	Telephone	+61 8 9241 0300
	Fax	+61 8 9242 8121
	Email	garry.perotti@issgroup.com.au
Attention	Company Secretary	
Process Agent for P2	Name	King & Wood Mallesons
	Address	Level 61 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000 AUSTRALIA
	Fax	+61 2 9296 3999
	Email	greg.golding@au.kwm.com and mark.vanderneut@au.kwm.com

Attention Greg Golding and Mark Vanderneut

ISS issued securities 136,150,863 fully paid ordinary shares quoted on ASX

Recitals

A ISS and P2 have agreed to merge by means of a members' scheme of arrangement under Part 5.1 of the Corporations Act.

B ISS and P2 have agreed to implement the Scheme on the terms and conditions of this agreement.

Governing law Western Australia, Australia

Date of agreement See Signing page

Merger Implementation Agreement

General terms

1 Definitions and interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears.

Accounting Standards means:

- (a) accounting standards as that term is defined in the Corporations Act;
- (b) the requirements of the Corporations Act in relation to the preparation and content of financial reports; and
- (c) if and to the extent that any matter is not covered by the accounting standards or requirements referred to in paragraphs (a) or (b), other relevant accounting standards and generally accepted accounting principles applied from time to time in Australia for a business similar to ISS.

Action means an action, dispute, cause of action, claim, demand, investigation, inquiry, prosecution, litigation, proceeding, suit, arbitration, mediation, or dispute resolution.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as appropriate.

Authorised Officer means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this agreement.

Benefit Plans means each severance, incentive, bonus, retention, change in control, deferred compensation, profit sharing, retirement, welfare, vacation or paid-time-off, stock purchase, stock option, equity incentive or other employee benefit plan, policy, program, agreement or arrangement that is maintained, sponsored by or contributed to by ISS or its Subsidiaries or with respect to which ISS or its Subsidiaries have any liability.

Business Day means a day:

- (a) that is a business day as defined in the Listing Rules;
- (b) that is not a public holiday in Denver, Colorado, United States of America; and
- (c) on which banks are open for general banking business in Denver, Colorado, United States of America.

Competing Transaction means a transaction which, if completed, would mean a person (other than P2 or its Related Bodies Corporate) would:

- (a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of:

- (i) 20% or more of the ISS Shares or more than 50% of the shares in any of ISS's Subsidiaries; or
- (ii) all or a substantial part or a material part of the business of ISS or any of its Subsidiaries,

including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture;

- (b) acquire control of ISS, within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with ISS.

Conditions Precedent means the conditions precedent set out in schedule 2.

Confidentiality Agreement means the confidentiality agreement between ISS and P2 dated September 2012.

Confidential Information means P2 Confidential Information or ISS Confidential Information.

Controller has the meaning it has in the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cwlth).

Corporations Regulations means the Corporations Regulations 2001 (Cwlth).

Court means the Federal Court of Australia (Western Australia registry), or such other court of competent jurisdiction under the Corporations Act agreed in writing by the parties.

Deed Poll means a deed poll substantially in the form of Annexure C to this agreement.

Details means the section of this agreement headed "Details".

Due Diligence Materials means all documents and written information listed in the email sent by Garry Perotti to Mark Vanderneut on 3 June 2013.

Effective, when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date in relation to the Scheme means the date on which the Scheme becomes Effective.

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the Personal Property Securities Act 2009 (Cwlth); or
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or

- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

End Date means the date which is four months from the date of this agreement or such other date as is agreed by P2 and ISS.

Excluded Information means Confidential Information which:

- (a) is in or becomes part of the public domain other than through breach of this agreement or an obligation of confidence owed to the party providing the Confidential Information;
- (b) the recipient of the Confidential Information can prove by contemporaneous written documentation was already known to it at the time of disclosure by the party providing the Confidential Information (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) the recipient of the Confidential Information acquires from a source other than the party providing the Confidential Information or any Related Body Corporate or Representative of the party providing the Confidential Information where such source is entitled to disclose it.

Exclusivity Period means the period from and including the date of this agreement to the earlier of:

- (a) the termination of this agreement in accordance with its terms; and
- (b) the End Date.

First Court Date means the first day on which an application made to the Court, in accordance with item 8 of schedule 4, for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.

Implementation Date means the first Business Day following the Record Date or such other date as is agreed by P2 and ISS.

Incoming Directors means each person nominated in writing by P2 to ISS prior to the Second Court Date to be appointed to the ISS Board.

Independent Expert means RSM Bird Cameron.

Independent Expert's Report means the report prepared by the Independent Expert stating whether, in the Independent Expert's opinion the Scheme is in the best interest of ISS Shareholders.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or

- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

ISS has the meaning given in the Details.

ISS Board means the board of directors of ISS as constituted from time to time.

ISS Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on or after the date of this agreement relating to the business, technology or other affairs of ISS.

ISS Director means a member on the ISS Board.

ISS Group means ISS and its Subsidiaries.

ISS Group Director means a member of the board of a company which is a member of the ISS Group.

ISS Indemnified Parties means ISS, its officers, employees, and advisers and its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

ISS Information means all information contained in the Scheme Booklet other than the P2 Information and the Independent Expert's report.

ISS Material Adverse Change means a Specified Event which individually, or when aggregated with other Specified Events of a similar kind or category, has resulted in, or is reasonably likely to result in:

- (a) the consolidated net assets of the ISS Group ("**Net Assets**") at the end of any Quarter after the date of this agreement being reduced by at least \$500,000; or
- (b) the consolidated earnings before interest, tax, depreciation and amortisation ("**EBITDA**") of the ISS Group for any year after the date of this agreement being reduced by at least \$500,000

but does not include any matter, event, circumstance or change:

- (c) fairly disclosed in the Due Diligence Materials, or that is reasonably foreseeable to arise and has been fairly disclosed in the Due Diligence Materials;
- (d) occurring as a result of any matter, event or circumstance required by this agreement, the Scheme or the transactions contemplated by them (including any costs incurred as a result of implementing the Scheme);
- (e) occurring as a result of fluctuations to the working capital of the ISS Group in the ordinary course of business of less than \$500,000;
- (f) resulting from changes in general economic, financial or political conditions, the securities market in general or law;
- (g) fairly disclosed to ASX or to P2 prior to the date of this agreement;
- (h) that occurs with the written consent of P2; or
- (i) resulting from changes in generally accepted accounting principles or the interpretation of them by any professional body or government agency.

ISS Prescribed Event means, except to the extent contemplated by this agreement or the Scheme, any of the events listed in schedule 1 provided that an ISS Prescribed Event will not occur where ISS has first consulted with P2 in relation to the event and P2 has approved in writing the proposed event.

ISS Share means an issued fully paid ordinary share in the capital of ISS (the aggregate number of which as at the date of this agreement is set out in the Details), together with all Rights attached to that share.

ISS Shareholder means each person registered in the Register as a holder of ISS Shares.

ISS Specified Persons means each ISS Director as at the date of this agreement, Garry Michael Perotti, Jeremy Smith and Grant Eggleton.

Key Employees means each person listed as a "Key Employee" in the email sent by Garry Perotti to Mark Vanderneut on 31 May 2013.

Listing Rules means the Listing Rules of ASX.

Losses means all claims, demands, damages, losses, costs, expenses and liabilities.

Material Contract means a contract or commitment:

- (a) requiring total payments over the term of the contract in excess of \$100,000 or group of related contracts with the same party or group of related parties;
- (b) giving rise to exposure, in relation to foreign currency hedging arrangements, of in excess of \$50,000;
- (c) for the employment of any person whose base compensation (including superannuation benefits) is in excess of \$100,000 annually;
- (d) under which any member of the ISS Group is lessee of or holds or operates any property, real or personal, owned by any other party;

- (e) concerning the use and sale of the ISS Group's software or with respect to the intellectual property of the ISS Group or any third party, including any reseller or distribution agreements; or
- (f) containing a covenant not to compete granted by any member of the ISS Group in favour of a third party that materially prohibits or restricts any member of the ISS Group from engaging in business anywhere in the world.

Merger means the acquisition of ISS by P2 through the implementation of the Scheme.

Outgoing Directors means each person nominated in writing by P2 to ISS prior to the Second Court Date as being required to resign from the ISS Board.

P2 has the meaning given in the Details.

P2 Board means the board of directors of P2 as constituted from time to time.

P2 Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on, or after the date of this agreement relating to the business, technology or other affairs of P2.

P2 Group means P2 and its Subsidiaries.

P2 Indemnified Parties means P2, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

P2 Information means the information regarding the P2 Group provided by P2 to ISS for inclusion in the Scheme Booklet, being information:

- (a) about the P2 Group, its business, its interests and dealings in ISS Shares, its intentions for ISS and ISS's employees, and funding arrangements; and
- (b) required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations, the Listing Rules or ASIC Regulatory Guide 60.

For the avoidance of doubt, P2 Information does not include information about the ISS Group except to the extent it relates to any statement of P2's intention relating to the ISS Group following the Effective Date, provided P2 has consented in writing to the inclusion of such statements in the Scheme Booklet.

P2 Nominee means:

- (a) P2; or
- (b) a body corporate nominated by P2 pursuant to clause 4.6, all of the issued shares of which are or will on the Implementation Date be directly or indirectly owned by P2ES Holdings, Inc.

Process Agent means the Process Agent specified in the Details.

Quarter means a calendar quarter, commencing on 1 January, 1 March, 1 July and 1 October.

Record Date means 7.00pm on the fifth Business Day following the Effective Date or such other date (after the Effective Date) as ISS and P2 agree.

Register means the register of members of ISS maintained by or on behalf of ISS in accordance with section 168(1) of the Corporations Act and **Registry** has a corresponding meaning.

Regulator's Draft means the draft of the Scheme Booklet which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Regulatory Authority includes:

- (a) ASX;
- (b) ASIC;
- (c) a government or governmental, semi-governmental or judicial entity or authority;
- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (e) any regulatory organisation established under statute.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme.

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Interest has the same meaning as given by sections 608 and 609 of the Corporations Act.

Representative means, in relation to a party:

- (a) a Related Body Corporate;
- (b) a director, officer or employee of the party or any of the party's Related Bodies Corporate; or
- (c) an adviser to the party or any of the party's Related Bodies Corporate, where an "adviser" means, in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity and who has been engaged by that entity.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from ISS Shares directly or indirectly after the date of this agreement, including all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares or other securities, which are declared, paid or made by ISS or an ISS Subsidiary.

Scheme means the scheme of arrangement between ISS and Scheme Participants under which all the Scheme Shares will be transferred to P2 under Part 5.1 of the Corporations Act substantially in the form of Annexure B together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

Scheme Booklet means, in respect of the Scheme, the information booklet to be approved by the Court and despatched to ISS Shareholders which must:

- (a) include the Scheme, the Deed Poll, the Independent Expert's Report, an explanatory statement complying with the requirements of the Corporations Act, a notice of meeting and a proxy form; and
- (b) comply with the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the Listing Rules.

Scheme Consideration means \$0.33 per ISS Share (based upon the aggregate number ISS Shares as at the date of this agreement, as set out in the Details) less the amount of any dividend declared or determined to be payable, or paid, by ISS in respect of ISS Shares from the date of this agreement up to and including the Implementation Date.

Scheme Meeting means the meeting to be convened by the Court at which ISS Shareholders will vote on the Scheme.

Scheme Participants means each person who is an ISS Shareholder at the Record Date.

Scheme Shares means all ISS Shares held by Scheme Participants as at the Record Date and for the avoidance of doubt includes any ISS Shares issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Specified Events means an event, occurrence or matter that:

- (a) occurs or fails to occur on or after the date of this agreement;
- (b) occurs or fails to occur before the date of this agreement but is disclosed to P2 or only announced or publicly disclosed after the date of this agreement; or
- (c) will or is likely to occur or fail to occur on or after the date of this agreement and which has not been disclosed to P2 or announced or publicly disclosed prior to the date of this agreement.

Subsidiaries has the meaning it has in the Corporations Act.

Superior Proposal means a bona fide Competing Transaction which the ISS Board, acting in good faith, and after receiving written advice from its legal and financial advisers, determines:

- (a) is reasonably capable of being completed in a timely basis taking into account all aspects of the Competing Transaction; and
- (b) is of higher financial value and more favourable to ISS Shareholders than the Scheme, taking into account all terms and conditions of the Competing Transaction.

Timetable means the timetable set out in schedule 3, subject to any amendments as P2 and ISS may agree in writing.

Transaction Implementation Committee means a committee to be made up of:

- (a) representatives of each of ISS and P2;
- (b) representatives from each of the legal advisers of ISS and P2; and
- (c) such other persons as the parties may agree from time to time.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this agreement to:

- (a) **(variations or replacement)** a document (including this agreement) includes any variation or replacement of it;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (i) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) **(accounting terms)** an accounting term is a reference to that term as it is used in Accounting Standards;
- (m) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (n) **(time of day)** time is a reference to Perth, Western Australia time.

1.3 Next day

If an act under this agreement to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.

2 Agreement to propose Scheme and implement Merger

2.1 ISS to propose Scheme

ISS agrees to propose the Scheme on and subject to the terms and conditions of this agreement.

2.2 P2 to assist with Scheme

P2 agrees to assist ISS to propose the Scheme on and subject to the terms and conditions of this agreement.

2.3 Agreement to implement Merger

The parties agree to implement the Merger on the terms and conditions of this agreement.

3 Conditions Precedent

3.1 Conditions Precedent

Subject to this clause 3, the Scheme will not become Effective and the obligations of P2 under clause 4.3 are not binding unless each of the Conditions Precedent contained in schedule 2 are satisfied or waived to the extent and in the manner set out in clauses 3.2 and 3.3.

3.2 Benefit of certain Conditions Precedent

A Condition Precedent may only be waived in writing by a party entitled to the benefit of that Condition Precedent as noted in the table set out in schedule 2 and will be effective only to the extent specifically set out in that waiver.

A party entitled to waive the breach or non-fulfilment of a Condition Precedent under this clause 3.2 may do so in its absolute discretion.

3.3 Waiver of Conditions Precedent

If either ISS or P2 waives the breach or non-fulfilment of a Condition Precedent in accordance with this clause, then:

- (a) subject to subclause 3.3(b), that waiver precludes that party from suing the other for any breach of this agreement arising as a result of the breach or non-fulfilment of that Condition Precedent or arising from the same event which gave rise to the breach or non-fulfilment of that Condition Precedent; but
- (b) If the waiver of the Condition Precedent is itself conditional and the other party:
 - (i) accepts the condition, the terms of that condition apply notwithstanding any inconsistency with subclause 3.3(a); or

- (ii) does not accept the condition, the Condition Precedent has not been waived.

3.4 Best endeavours

Each of ISS and P2 agree to use their best endeavours to procure that:

- (a) each of the Conditions Precedent for which they are responsible, as noted in the table set out in schedule 2:
 - (i) is satisfied as soon as practicable after the date of this agreement; and
 - (ii) continues to be satisfied at all times until the last time it is to be satisfied as noted in the table set out in schedule 2 (as the case may require); and
- (b) there is no occurrence that would prevent the Conditions Precedent for which they are responsible, as noted in the table set out in schedule 2, being satisfied.

3.5 Regulatory matters

Without limiting clause 3.4, each party:

- (a) **(approvals)** must promptly apply for all consents, waivers and approvals of a Regulatory Authority which P2 and ISS, acting reasonably, consider are necessary or desirable to implement the Scheme ("**Regulatory Approvals**") and take all steps it is responsible for as part of the approval process for the Scheme, including responding to requests for information at the earliest practicable time;
- (b) **(representation)** has the right to be invited to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval; and
- (c) **(consultation)** must use its best endeavours to consult with the other party in advance in relation to all material communications (whether written or oral, and whether direct or via a Representative) with any Regulatory Authority relating to any Regulatory Approval ("**Communications**") and, without limitation:
 - (i) provide the other party with drafts of any material written Communications to be sent to a Regulatory Authority and make such amendments as the other party reasonably requires; and
 - (ii) provide copies of any material written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so.

3.6 Notices in relation to Conditions Precedent

Each party must:

- (a) **(notice of satisfaction)** promptly notify the other of satisfaction of a Condition Precedent and must keep the other informed of any material development of which it becomes aware that may lead to the breach or non-fulfilment of a Condition Precedent;

- (b) **(notice of failure)** immediately give written notice to the other of a breach or non-fulfilment of a Condition Precedent, or of any event which will prevent a Condition Precedent being satisfied; and
- (c) **(notice of waiver)** upon receipt of a notice given under subclause 3.6(b), give written notice to the other party as soon as possible (and in any event before 8.00am on the Business Day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.

3.7 Effect of waiver or non-fulfilment

A waiver of such breach or non-fulfilment in respect of one Condition Precedent does not constitute:

- (a) a waiver of the breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
- (b) a waiver of the breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.8 Consultation on failure of Condition Precedents

If:

- (a) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this agreement by the earlier of the End Date and the time or date specified in this agreement for the satisfaction of the Condition Precedent;
- (b) there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the time or date specified in this agreement for the satisfaction of the Condition Precedent (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this agreement); or
- (c) if the Scheme has not become Effective by the End Date,

then the parties must consult in good faith with a view to determining whether:

- (d) the Merger may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or
- (f) to extend the End Date.

3.9 Failure to agree

If the parties are unable to reach agreement under clause 3.8 within five Business Days (or any shorter period ending at 8.00am on the Business Day before the Second Court Date):

- (a) subject to subclause 3.9(b), either party may terminate this agreement (and such termination will be in accordance with clause 15.1(e)(i)); or
- (b) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate this agreement (and such termination will be in accordance with clause 15.1(e)(ii)),

in each case before 8.00am on the Second Court Date. A party will not be entitled to terminate this agreement pursuant to this clause 3.9 if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of a breach of this agreement by that party.

4 Outline of Scheme

4.1 Scheme

Subject to the terms and conditions of this agreement, ISS agrees to propose the Scheme to Scheme Participants under which:

- (a) all of the Scheme Shares will be transferred to P2; and
- (b) Scheme Participants will receive the Scheme Consideration.

4.2 Payments

Pursuant to the Scheme, Scheme Participants will receive the Scheme Consideration for each ISS Share held by them at the Record Date in accordance with the Scheme and the Deed Poll.

4.3 Scheme Consideration

- (a) On the date of execution of this agreement and at all times before 8.00am on the Second Court Date, P2 will have available to it sufficient cash amounts (whether from internal cash resources or external funding arrangements or a combination of both) to satisfy its obligation to pay the Scheme Consideration in accordance with the obligations under this agreement, the Deed Poll and the Scheme and to provide ISS with funding in accordance with clause 4.3(b) of this agreement.
- (b) P2 covenants in favour of ISS (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to P2 of each ISS Share held by a Scheme Participant, P2 will, on the Implementation Date, pay to a trust account operated by ISS (as trustee or agent for each Scheme Participant) an amount equal to the aggregate of the Scheme Consideration payable for all the Scheme Shares in accordance with the Scheme.

4.4 Undertakings held as agent

ISS acknowledges that the undertaking by P2 in clause 4.3 is given to ISS in its own right and in its capacity as trustee or agent for each Scheme Participant.

4.5 Payment to Scheme Participants

ISS must:

- (a) receive in a trust account in accordance with the Scheme and as agent for each Scheme Participant, the amount paid in accordance with clause 4.3;
- (b) pay to each Scheme Participant such moneys as each Scheme Participant is entitled to receive in accordance with the Scheme; and
- (c) otherwise comply with its obligations under the Scheme.

4.6 Appointment of the P2 Nominee

On or before the date which is five Business Days before the Second Court Date, P2 must by written notice to ISS nominate the P2 Nominee. If the P2 Nominee is not P2 all references in this agreement to P2 acquiring the Scheme Shares and

paying the Scheme Consideration are to be construed as if references to P2 were replaced with references to the nominated P2 Nominee, except that P2 shall remain responsible for the performance of those obligations with the P2 Nominee.

5 Co-operation and timing

5.1 General obligations

ISS and P2 must each:

- (a) use their best endeavours and commit necessary resources (including management and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme as soon as reasonably practicable and in accordance with the Timetable.

5.2 Transaction Implementation Committee

- (a) The parties must establish a Transaction Implementation Committee as soon as reasonably practicable after the date of this agreement. The role of the Transaction Implementation Committee will be to act as a forum for consultation and planning by parties to:
 - (i) implement the Merger; and
 - (ii) subject to subclause 5.2(b), ensure the smooth transition of the management of the business and affairs of the ISS Group to P2 following the implementation of the Scheme.
- (b) Subject to this agreement, nothing in this clause requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this agreement constitutes the relationship of a partnership or a joint venture between the parties.

5.3 Access

- (a) Between the date of this agreement and the earlier of the Implementation Date and the date this agreement is terminated, ISS must:
 - (i) as soon as reasonably practicable provide P2 and its Representatives with any documents, records and other information (subject to any existing confidentiality obligations owed to third parties, or applicable laws) reasonably requested by them; and
 - (ii) provide P2 and its officers, employees and advisers with reasonable access to ISS's officers, employees and advisers which P2 reasonably requires, including for the purposes of:
 - (A) understanding ISS's business, financial position (including its cashflow and working capital position), trading performance and management control systems;
 - (B) implementing the Scheme;

- (C) preparing for carrying on the business of ISS following implementation of the Merger; and
- (D) any other purpose which is agreed in writing between the parties,

provided in every case that such access does not place an unreasonable burden on the ability of ISS to run its business or to perform its obligations under this agreement.

- (b) Clause 5.3(a) ceases to operate upon a majority of the ISS Board changing or withdrawing their recommendation that ISS Shareholders vote in favour of the Scheme, or recommending a Competing Transaction.

5.4 P2's right to separate representation

P2 is entitled to separate representation at all Court proceedings relating to the Scheme. Nothing in this agreement is to be taken to give ISS any right or power to make or give undertakings to the Court for or on behalf of P2 or any nominated P2 Nominee.

6 Implementation obligations of the parties

6.1 ISS's obligations

ISS must comply with the obligations of ISS set out in schedule 4 and take all reasonable steps that are necessary or reasonably requested by P2 to implement the Scheme as soon as is reasonably practicable and in the most efficient manner for the Scheme Participants and in any event prior to the End Date.

6.2 P2's obligations

P2 must comply with the obligations of P2 set out in schedule 5 and take all reasonable steps that are necessary or reasonably requested by ISS to assist ISS to implement the Scheme as soon as is reasonably practicable and in the most efficient manner for the Scheme Participants and in any event prior to the End Date.

6.3 Recommendation

Each ISS Director, in the joint public announcement to be issued in accordance with clause 16.1, the Scheme Booklet and any other material public statement made after the signing of this agreement and relating to the Scheme or the Merger must make a statement that, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders:

- (a) each member of the ISS Board recommends that ISS Shareholders vote in favour of the resolution to approve the Scheme; and
- (b) confirms that each member of the ISS Board intends to vote the ISS Shares in which they have a Relevant Interest in favour of the resolution to approve the Scheme.

6.4 Withdrawal or modification of recommendation

Subject to clause 6.5, ISS must use best endeavours to ensure that:

- (a) each member of the ISS Board intends to vote any ISS Shares in which they have a Relevant Interest in favour of the resolution to approve the Scheme in the absence of a Superior Proposal and subject to the

Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders; and

- (b) no member of the ISS Board:
 - (i) withdraws or adversely modifies their recommendation of the Scheme as contemplated by clauses 6.3(a) and 6.3(b); or
 - (ii) makes any public statement to the effect, or takes (or fails to take) any other action that suggests that they no longer recommend that ISS Shareholders vote in favour of the resolution to approve the Scheme in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders.

6.5 Duties to ISS Shareholders

A member of the ISS Board may withdraw or adversely modify their recommendation of the Scheme, and not vote any ISS Shares in which they have a Relevant Interest in favour of the resolution to approve the Scheme, if:

- (a) the ISS Board determines in good faith and acting reasonably, having received expert advice in writing from its legal and financial advisors, that a Competing Transaction constitutes a Superior Proposal and ISS has notified P2 in writing that one or more members of the ISS Board intends to withdraw or adversely modify their recommendation of the Scheme and three Business Days has passed since that notification is given;
- (b) the ISS Board has determined in good faith and acting reasonably, having received expert advice in writing from its legal and financial advisors, that they must do so because of their fiduciary or statutory duties to ISS Shareholders; or
- (c) the Independent Expert concludes that the Scheme is not in the best interests of ISS Shareholders, or adversely changes its previously given opinion that the Scheme is in the best interests of ISS Shareholders.

7 Scheme Booklet

7.1 Preparation

Without limiting clauses 6.1 or 6.2:

- (a) **(preparation)** ISS is generally responsible for the preparation of the Scheme Booklet but will:
 - (i) provide drafts of the Scheme Booklet to P2 in accordance with clause 7.2(a); and
 - (ii) obtain the prior written approval of P2 in accordance with clause 7.2(e) before:
 - (A) providing the Regulator's Draft to ASIC for approval pursuant to section 411(2) of the Corporations Act; and
 - (B) requesting that ASIC register the explanatory statement included in the Scheme Booklet in accordance with item 9 of schedule 4;
- (b) **(compliance - ISS)** ISS must take all necessary steps to endeavour to ensure that the ISS Information:

- (i) complies with the requirements of:
 - (A) the Corporations Act;
 - (B) the Corporations Regulations;
 - (C) ASIC Regulatory Guide 60; and
 - (D) the Listing Rules; and
 - (ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission); and
- (c) **(compliance - P2)** P2 must take all necessary steps to endeavour to ensure that the P2 Information:
- (i) complies with the requirements of:
 - (A) the Corporations Act;
 - (B) the Corporations Regulations;
 - (C) ASIC Regulatory Guide 60; and
 - (D) the Listing Rules; and
 - (ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission).

7.2 Content of Scheme Booklet

Without limiting clause 6.1, ISS must:

- (a) **(consult P2):**
 - (i) as soon as reasonably practicable after the date of this agreement, provide to P2 an initial draft of the Scheme Booklet for the purpose of enabling P2 to review and comment on that draft document;
 - (ii) provide to P2 amended drafts of the Scheme Booklet as reasonably agreed for the purpose of enabling P2 to review and comment on those draft documents;
 - (iii) take comments made by P2 into account in good faith when producing a revised draft of the Scheme Booklet; and
 - (iv) provide to P2 a revised penultimate draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable P2 to review the Regulator's Draft at least three Business Days before its submission;
- (b) **(amend Scheme Booklet)** take such comments made by P2 in relation to the Scheme Booklet into account in good faith in accordance with clause 7.2(a) prior to finalising the Regulator's Draft;
- (c) **(approval of Regulators Draft)** as soon as reasonably practicable after finalisation of an advanced draft of the Regulator's Draft suitable for review by ASIC, procure that a meeting of the ISS Directors is convened

to consider approving the Regulator's Draft as being in a form appropriate for provision to ASIC for review;

- (d) **(Regulatory Review Period)** during the Regulatory Review Period:
 - (i) promptly provide to P2, and include in a revised draft of the Scheme Booklet, any new information not included in the Regulator's Draft which is required by the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 or the Listing Rules to be included in the Scheme Booklet; and
 - (ii) keep P2 informed of any matters raised by ASIC in relation to the Scheme Booklet and use best endeavours, in co-operation with P2, to resolve any such matters; and
- (e) **(P2 Information)** obtain approval from P2, which approval must not be unreasonably withheld or delayed, for the form and context in which the P2 Information appears in the Scheme Booklet before:
 - (i) providing the Regulator's Draft to ASIC for approval pursuant to section 411(2) of the Corporations Act; and
 - (ii) requesting that ASIC register the explanatory statement included in the Scheme Booklet in accordance with item 9 of schedule 4.

7.3 P2 information

Without limiting clause 6.2, P2:

- (a) consents to the inclusion of the P2 Information in the Scheme Booklet; and
- (b) acknowledges that:
 - (i) it is responsible for ensuring that the P2 Information is not misleading or deceptive in any material respect (whether by omission or otherwise) and that ISS will not verify or edit the final form of that information in the Scheme Booklet; and
 - (ii) the Scheme Booklet will state that P2 is responsible for the P2 Information, in accordance with clause 7.4.

7.4 Scheme Booklet responsibility statements

The responsibility statement to appear in the Scheme Booklet, in a form to be agreed by the parties, will contain words to the effect of:

- (a) ISS has prepared, and is responsible for, the ISS Information in the Scheme Booklet, and that P2 and its directors and officers do not assume any responsibility for the accuracy or completeness of that ISS Information except to the extent that P2 has provided ISS with information for the purpose of ISS preparing information on the merged entity following implementation of the Scheme;
- (b) P2 has prepared, and is responsible for, the P2 Information in the Scheme Booklet, and that ISS and its directors and officers do not assume any responsibility for the accuracy or completeness of that P2 Information except to the extent that ISS has provided P2 with information for the purpose of P2 preparing information on the merged entity following implementation of the Scheme; and

- (c) the Independent Expert has prepared and is responsible for the Independent Expert's Report and:
 - (i) ISS and its directors and officers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report; and
 - (ii) P2 and its directors and officers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report.

7.5 Disagreement on content

If P2 and ISS disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of the P2 Information contained in the Scheme Booklet, ISS will make such amendments as P2 reasonably requires; and
- (b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the ISS Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

7.6 Verification

Each party must undertake appropriate verification processes for the information prepared by that party for the Scheme Booklet.

8 Conduct of business

8.1 Overview

From the date of this agreement up to and including the Implementation Date, ISS must conduct its business in the ordinary and proper course consistent with applicable laws, and business plans and budgets made public or disclosed to P2 prior to the date of this agreement, and in substantially the same manner as previously conducted, and must regularly consult with P2 on the manner of conduct of the business.

8.2 Specific obligations

Without limiting clause 8.1 and other than with the prior written approval of P2 or as required by this agreement, ISS must, during the period contemplated by clause 8.1, use its best endeavours to:

- (a) **(business and assets)** maintain the condition of its business and assets;
- (b) **(officers and employees)** keep available the services of its officers and employees;
- (c) **(relationships)** preserve its relationships with customers, suppliers, licensors, licensees, joint venturers and others with whom it has business dealings;
- (d) **(change of control provisions)** identify any change of control or similar provisions in any significant contracts (including all Material Contracts) or any joint venture documentation and obtain the consents of relevant persons who have rights in respect of those persons to the transactions contemplated by the Merger; and

- (e) **(cash)** ensure there is no material decrease in the amount of cash in ISS other than as:
 - (i) used in the ordinary course of business and consistent with forecast cash utilisation; or
 - (ii) a result of reasonable costs incurred directly in relation to the transactions contemplated by the Merger.

8.3 Prohibited actions

Other than with the prior written approval of P2 or as required by this agreement ISS must not, and must procure that its Subsidiaries do not, during the period referred to in clause 8.1:

- (a) **(ISS Prescribed Event)** take any action which would be reasonably expected to give rise to an ISS Prescribed Event;
- (b) **(ISS Prescribed Event agreement)** agree to do anything which would be reasonably expected to give rise to an ISS Prescribed Event;
- (c) **(products)** sell any product at pricing or on terms that are not consistent with the pricing or terms that were generally offered to customers of the ISS Group in the one month period preceding the date of this agreement;
- (d) **(Material Contracts)** enter into or terminate a Material Contract other than:
 - (i) a Material Contract which both:
 - (A) has been disclosed to P2; and
 - (B) P2 has agreed in writing to the entry into or termination of such specific disclosed Material Contract; or
 - (ii) a contract or commitment entered into for the extension of any contract or commitment between a member of the ISS Group and any of its customers;
- (e) **(termination of significant number of customer contracts)** consent or agree to customer contracts representing in excess of \$2,000,000 of ISS's revenue or recurring maintenance and support exceeding \$300,000 of ISS's revenue to be terminated or become terminable:
 - (i) prior to the Implementation Date; or
 - (ii) as a result of:
 - (A) ISS entering into this agreement; or
 - (B) the Scheme or a transaction evidenced by this agreement or the Scheme;
- (f) **(source code)** licence, disclose or deliver, or permit the licence, disclosure or delivery of, any source code to any escrow agent or third party, other than the delivery of source code to an escrow agent in the ordinary course of business as required by any arm's length bona fide customer contract;
- (g) **(employment agreements)** except as approved in writing by P2, increase the remuneration of (including with regard to superannuation

benefits) or benefits provided to, or pay any bonus (other than in accordance with existing arrangements) by 5% or more to, or otherwise materially vary the employment agreements with, any of its directors or employees;

- (h) **(new employment agreements)** employ any person on terms and conditions not approved in writing by P2;
- (i) **(termination of employees)** terminate the employment of any Key Employee other than for cause, or otherwise cause any Key Employee to resign;
- (j) **(accelerate rights)** accelerate the rights of any of its directors or employees to benefits of any kind;
- (k) **(termination and retention payments)** pay a director, executive or employee a termination or retention payment;
- (l) **(transaction based payments)** enter into any contract or commitment (including any employment contract), or renew or amend any existing contract or commitment, to provide for a payment to be made to the counterparty directly or indirectly as a result of:
 - (i) ISS or P2 entering into this agreement;
 - (ii) P2, P2 Nominee or both acquiring a Relevant Interest in ISS Shares; or
 - (iii) the Scheme or a transaction evidenced by this agreement or the Scheme;
- (m) **(financial arrangements)** amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this agreement;
- (n) **(dividends)** announce, declare or pay any dividends; or
- (o) **(agreement)** agree to do any of the matters set out above.

8.4 Permitted acts

Nothing in clause 8 restricts any member of the ISS Group from doing anything:

- (a) that is contemplated in this agreement;
- (b) that is fairly disclosed in, the Due Diligence Materials; or
- (c) approved by P2 in writing, such approval not to be unreasonably withheld or delayed.

8.5 Appointment and retirement of ISS Directors

As soon as practicable after the Second Court Date, but subject to the Scheme Consideration being paid to Scheme Participants, ISS must use its best endeavours to:

- (a) cause the appointment of each Incoming Director to the ISS Board;
- (b) procure that each of the Outgoing Directors retire from the ISS Board and provide written notice to the effect that they have no claim outstanding for loss of office, remuneration or otherwise against ISS; and

- (c) reconstitute the boards of each other member of the ISS Group in accordance with such directions (if any) given by P2 to ISS.

9 Standstill

From the date of this agreement until 15 March 2014, P2 and its Representatives must not without the prior written consent of ISS:

- (a) subscribe, acquire, or offer to subscribe or acquire, or assist or induce any other person to acquire, any securities in ISS, other than pursuant to the Scheme;
- (b) enter, or assist or induce any other person to enter, into any agreement or arrangement which confers rights, the economic effect of which is equivalent, or substantially equivalent to, the acquisition, holding or disposal of any securities in ISS, other than pursuant to the Scheme;
- (c) solicit proxies from holders of securities in ISS, or otherwise try and influence or control the management of ISS, other than in connection with the Scheme Meeting or pursuant to this agreement;
- (d) assist (including by providing ISS Confidential Information), encourage, counsel, induce, instruct or ask any other person to do anything in clauses (a), (b) or (c) above.

Nothing in this clause 9 prevents P2 from proposing a control transaction at a higher financial value and on terms more favourable to the ISS Shareholders to a control transaction proposed by a third party and acquiring securities in ISS on the terms of such a proposal.

10 Exclusivity

10.1 No existing discussions

ISS represents and warrants that, other than the discussions with P2 in respect of the Merger, it is not currently in negotiations or discussions in respect of any Competing Transaction with any person.

10.2 No-shop

During the Exclusivity Period, ISS must ensure that neither it nor any of its Related Bodies Corporate or Representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, negotiations or discussions; or
- (b) communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person in relation to, or which may be reasonably expected to lead to, a Competing Transaction.

Nothing in this clause 10.2 prevents ISS from continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Merger or its business generally.

10.3 No-talk

Subject to clause 10.6, during the Exclusivity Period, ISS must ensure that neither it nor any of its Related Bodies Corporate or Representatives:

- (a) negotiates or enters into; or
- (b) participates in negotiations or discussions with any other person regarding,

a Competing Transaction, even if that person's Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by ISS or any of its Related Bodies Corporate or Representatives or the person has publicly announced the Competing Transaction.

10.4 Due diligence information

During the Exclusivity Period, ISS must ensure that neither it nor its Representatives in relation to a Competing Transaction:

- (a) solicits, invites, initiates, encourages or, subject to clause 10.6, facilitates any other party other than P2 to undertake due diligence investigations on any member of the ISS Group or their businesses or operations; or
- (b) subject to clause 10.6, makes available to any other person or permits any other person to receive (in the course of due diligence investigations or otherwise) any non-public information relating to any member of the ISS Group or their businesses or operations.

10.5 Notice of unsolicited approach

During the Exclusivity Period, ISS must promptly inform P2 if it or any of its Related Bodies Corporate or Representatives:

- (a) receives any unsolicited approach with respect to any Competing Transaction and subject to clause 10.6 must disclose to P2 all material details of the Competing Transaction, including details of the proposed bidder or acquirer;
- (b) receives any request for information relating to ISS or any of its Related Bodies Corporate or any of their businesses or operations or any request for access to the books or records of ISS or any of its Related Bodies Corporate, which ISS has reasonable grounds to suspect may relate to a current or future Competing Transaction; and
- (c) provides any information relating to ISS or any of its Related Bodies Corporate or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Transaction.

10.6 Exceptions

Clauses 10.3 and, where relevant, clauses 10.4 and 10.5(a) do not apply to the extent that they restrict ISS or the ISS Board from taking or refusing to take any action with respect to a bona fide Competing Transaction (which was not solicited, invited, encouraged or initiated by ISS in contravention of clause 10.2) provided that the ISS Board has determined, in good faith and acting reasonably that:

- (a) after consultation with its financial advisors, such a bona fide Competing Transaction could reasonably be considered to become a Superior Proposal; and
- (b) after receiving written advice from external legal advisers, that failing to respond to such a bona fide Competing Transaction would:

- (i) be reasonably likely to constitute a breach of the ISS Board's fiduciary or statutory obligations; or
- (ii) otherwise be unlawful to not undertake such action.

10.7 Legal advice

ISS acknowledges that it has received legal advice on this agreement and the operation of this clause 10.

11 Reimbursement of P2 costs

11.1 Background

This clause 11 has been agreed in circumstances where:

- (a) P2 and ISS believe that the Merger will provide significant benefits to P2, ISS and their respective shareholders, and P2 and ISS acknowledge that, if they enter into this agreement and the Scheme is subsequently not implemented, P2 will incur significant costs;
- (b) P2 requested that provision be made for the payments outlined in clause 11.2, without which P2 would not have entered into this agreement;
- (c) both the P2 Board and ISS Board believe that it is appropriate for both parties to agree to the payment referred to in this clause 11 to secure P2's participation in the Merger; and
- (d) both parties have received legal advice on this agreement and the operation of this clause 11.

11.2 Payment by ISS to P2

ISS agrees to pay to P2 \$449,297.85 if:

- (a) **(withdrawal or modification of recommendation)** any ISS Director:
 - (i) fails to recommend the Scheme as contemplated by clauses 6.3(a) and 6.3(b);
 - (ii) withdraws or adversely modifies that recommendation;
 - (iii) makes any public statement to the effect, or takes (or fails to take) any other action that suggests that they no longer make that recommendation; or
 - (iv) does not vote any ISS Shares in which they have a Relevant Interest in favour of the resolution to approve the Scheme,except:
 - (i) if an ISS Director changes their recommendation following the receipt of the Independent Expert's Report (or any update of that report) where that report (or any update of that report) states that in the opinion of the Independent Expert the Scheme is not in the best interests of ISS Shareholders (other than where a Competing Transaction has been proposed or announced before the report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the transaction contemplated by this agreement); or

- (ii) as a result of any matter or thing giving ISS the right to terminate under clause 15.1;
- (b) **(material breach)** if ISS materially breaches any clause of this agreement (including clauses 3.4, 3.5, 3.6 and 13.1), provided that P2 has, if practicable, given notice to ISS setting out the relevant circumstances and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;
- (c) **(breach of clause 10)** ISS is in breach of clause 10 and does not cease the conduct which caused the breach within two Business Days following written notice from P2 outlining the nature of the breach;
- (d) **(Superior Proposal)** either:
 - (i) ISS enters into a legally binding agreement to undertake a Superior Proposal; or
 - (ii) any ISS Director withdraws or adversely modifies their recommendation of the Scheme as contemplated by clauses 6.3(a) and 6.3(b) as a result of a Superior Proposal being made, and the Merger does not proceed because of the Superior Proposal (notwithstanding any other provision of this clause 11.2); or
- (e) **(ISS Prescribed Event or ISS Material Adverse Change)** all of the following are satisfied:
 - (i) a ISS Prescribed Event or a ISS Material Adverse Change occurs prior to 8.00am on the Second Court Date; and
 - (ii) this agreement is terminated in accordance with clause 15; and
 - (iii) all of the following apply in relation to the ISS Prescribed Event or the ISS Material Adverse Change:
 - (A) the prevention of the ISS Prescribed Event or ISS Material Adverse Change was within the control of ISS; and
 - (B) had the ISS Prescribed Event or ISS Material Adverse Change occurred prior to the date of this agreement, the ISS Prescribed Event or ISS Material Adverse Change might reasonably be expected to have resulted in P2 not entering into this agreement; and
 - (C) ISS has failed to rectify the ISS Prescribed Event or ISS Material Adverse Change within 10 Business Days after receipt of notice from P2 requiring ISS to do so.

11.3 No amount payable if Scheme becomes Effective

Notwithstanding the occurrence of any event under clause 11.2 no amount is payable under clause 11.2 if the Scheme becomes Effective.

11.4 Timing of payment

ISS must pay P2 the amount referred to in clause 11.2 within 10 Business Days of receipt by ISS of a demand for payment from P2. The demand may only be made:

- (a) after the occurrence of an event referred to in clauses 11.2(a)(i), 11.2(a)(ii), 11.2(a)(iii), 11.2(a)(iv), 11.2(b), 11.2(c) or 11.2(d); or
- (b) if all of the circumstances referred to in clause 11.2(e) occur.

11.5 Nature of payment

The amount payable by ISS to P2 under clause 11.2 is an amount to compensate P2 for:

- (a) advisory costs (including costs of advisers other than success fees);
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses; and
- (d) reasonable opportunity costs incurred by P2 in pursuing the Merger or in not pursuing other alternative acquisitions or strategic initiatives which P2 could have developed to further its business and objectives,

but is without prejudice to and does not limit any rights which P2, any P2 Indemnified Party or any shareholder of P2 may have against ISS.

11.6 Survival

Any accrued obligations under this clause survive termination of this agreement.

12 Reimbursement of ISS costs

12.1 Background

This clause 12 has been agreed in circumstances where:

- (a) P2 and ISS believe that the Merger will provide significant benefits to P2, ISS and their respective shareholders, and P2 and ISS acknowledge that, if they enter into this agreement and the Scheme is subsequently not implemented, ISS will incur significant costs;
- (b) ISS requested that provision be made for the payments outlined in clause 12.2, without which ISS would not have entered into this agreement;
- (c) both the P2 Board and ISS Board believe that it is appropriate for both parties to agree to the payment referred to in this clause 12 to secure ISS's participation in the Merger; and
- (d) both parties have received legal advice on this agreement and the operation of this clause 12.

12.2 Payment by P2 to ISS

P2 agrees to pay to ISS \$449,297.85 if the Merger does not proceed because P2 is in material breach of any clause of this agreement (including a warranty), provided that ISS has, if practicable, given notice to P2 setting out the relevant circumstances and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given.

12.3 No amount payable if Scheme becomes Effective

Notwithstanding the occurrence of any event under clause 12.2 no amount is payable under clause 12.2 if the Scheme becomes Effective.

12.4 Timing of payment

P2 must pay ISS the amount referred to in clause 12.2 within 10 Business Days of receipt by P2 of a demand for payment from ISS, provided that ISS has provided P2 with all information and documentation reasonably requested by P2 for the purpose of verifying the amount referred to in clause 12.2. The demand may only be made after the occurrence of the event referred to in clause 12.2.

12.5 Nature of payment

The amount payable by P2 to ISS under clause 12.2 is an amount to compensate ISS for out-of-pocket expenses, but is without prejudice to and does not limit any rights which ISS, any ISS Indemnified Party or any shareholder of ISS may have against P2.

12.6 Survival

Any accrued obligations under this clause survive termination of this agreement.

13 Representations and warranties

13.1 ISS's representations and warranties

- (a) ISS represents and warrants to P2 (on its own behalf and separately as trustee or nominee for each of the P2 directors) that each of the statements set out in schedule 6 is true and correct in all material respects as at the date of this agreement and as at 8.00am on the Second Court Date.
- (b) P2 acknowledges and agrees that ISS has disclosed or is deemed to have disclosed against the statements set out in schedule 1 and schedule 6, and P2 is aware of, and will be treated as having actual knowledge of, all facts, matters and circumstances that:
 - (i) are provided for or described in this agreement;
 - (ii) are fairly disclosed in the Due Diligence Materials; or
 - (iii) are within the actual knowledge of the P2 Group.

13.2 ISS's indemnity

ISS indemnifies the P2 Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 13.1 not being true and correct in all material respects.

13.3 ISS warranty certificate

ISS must provide to P2 by 8.00am on the Second Court Date a certificate signed by an ISS Director and made in accordance with a resolution of the ISS Board stating, as at that date, that the representations or warranties given by ISS in clause 13.1 remain true and correct or, if any such representation or warranty is not true and correct as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or incorrect.

13.4 P2's representations and warranties

P2 represents and warrants to ISS (on its own behalf and separately as trustee or nominee for each of the ISS Directors) that each of the statements set out in schedule 7 is true and correct in all material respects as at the date of this agreement and as at 8.00am on the Second Court Date.

13.5 P2's indemnity

P2 indemnifies the ISS Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 13.4 not being true and correct in all material respects.

13.6 P2 warranty certificate

P2 must provide to ISS by 8.00am on the Second Court Date a certificate signed by a director of P2 and made in accordance with a resolution of the P2 Board stating, as at that date, that the representations and warranties given by P2 in clause 13.4 remain true and correct or, if any such representation or warranty is not true and correct as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or incorrect.

14 Court proceedings

14.1 Appeal process

If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, P2 and ISS must appeal the Court's decision to the fullest extent possible except to the extent that:

- (a) the parties agree otherwise; or
- (b) external legal advisers representing that party in relation to the Scheme indicates that, in their opinion, an appeal would likely have less than a 50% prospect of success,

in which case either party may terminate this agreement in accordance with clause 15.1(e)(iii).

14.2 Defence of proceedings

Each of P2 and ISS must vigorously defend, or must cause to be vigorously defended, any lawsuits or other legal proceeding brought against it (or any of its Subsidiaries) challenging this agreement or the completion of the Merger. Neither P2 nor ISS will settle or compromise (or permit any of its Subsidiaries to settle or compromise) any claim brought in connection with this agreement without the prior written consent of the other, such consent not to be unreasonably withheld.

14.3 Costs

Any costs incurred as a result of the operation of this clause 14 will be borne equally by each party.

15 Termination

15.1 Termination events

Without limiting any other provision of this agreement (including clauses 3.9, 7.5 and 14.1), this agreement may be terminated:

- (a) **(End Date)** by either party, if the Scheme has not become Effective by the End Date;
- (b) **(lack of support)** at any time prior to 8.00am on the Second Court Date by P2 if any ISS Director who was an ISS Director as at the date of this agreement changes their recommendation or ceases to recommend to Scheme Participants that they vote in favour of the resolution to approve the Scheme as contemplated by clauses 6.3(a) or 6.3(b), including any adverse modification to their recommendation as contemplated by

clauses 6.3(a) or 6.3(b), or otherwise makes a public statement indicating that it no longer supports the Scheme;

- (c) **(competing interest)** by P2, if a person (other than a member of the P2 Group) acquires a Relevant Interest in more than 20% of the ISS Shares following the date of this agreement;
- (d) **(Competing Transaction)** by either party if the ISS Board determines that a Competing Transaction that was not solicited, invited, encouraged or initiated in breach of clause 10.2 is a Superior Proposal;
- (e) **(consultation, appeal failure)** in accordance with and pursuant to:
 - (i) clause 3.9(a);
 - (ii) clause 3.9(b); or
 - (iii) clause 14.1;
- (f) **(breach by ISS)** by P2, if ISS breaches a term of this agreement and P2 has, if practicable, given notice to ISS setting out the relevant circumstances and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;
- (g) **(breach by P2)** by ISS, if P2 breaches a term of this agreement and ISS has, if practicable, given notice to P2 setting out the relevant circumstances and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;
- (h) **(Insolvency)** by either party if the other party or any ISS Subsidiary becomes Insolvent; or
- (i) **(agreement)** if agreed to in writing by P2 and ISS.

15.2 Termination

Where a party has a right to terminate this agreement, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this agreement.

15.3 Effect of Termination

In the event that a party terminates this agreement, or if this agreement otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this agreement, other than the obligations set out in clauses 11, 12, 14, 15.4, 16, 17, 18 and 19 will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this agreement.

15.4 Damages

In addition to the right of termination under clause 15.1 where there is no appropriate remedy for the breach of this agreement (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of this agreement.

16 Public announcements

16.1 Public announcement of Scheme

Immediately after signing this agreement, ISS and P2 will issue a joint public announcement of the proposed Merger in the form contained in Annexure A.

16.2 Required disclosure

Where a party is required by law, the Listing Rules or a memorandum of understanding with a Regulatory Authority to make any announcement or make any disclosure relating to a matter the subject of the Merger, it may do so only to the extent required and after it has given the other party as much notice as possible and has consulted to the fullest extent possible in the circumstances with the other party and its legal advisers.

16.3 Other announcements

Subject to clauses 16.1 and 16.2, no party may make any public announcement or disclosure in connection with the Merger (including disclosure to a Regulatory Authority) other than in a form approved by each party (acting reasonably), subject to any approval by the other party being promptly given to ensure disclosure is made in the time required by the Listing Rules (if applicable) or the requirements of any Regulatory Authority. Each party will use its best endeavours to provide such approval as soon as practicable.

17 Confidential Information

17.1 Disclosure of P2 Confidential Information

No P2 Confidential Information may be disclosed by ISS to any person except:

- (a) Representatives of ISS or its Related Bodies Corporate requiring the information for the purposes of this agreement; or
- (b) with the consent of P2 which consent may be given or withheld in its absolute discretion; or
- (c) if ISS is required to do so by law or by a stock exchange (but only to the extent required); or
- (d) if ISS is required to do so in connection with legal proceedings relating to this agreement.

17.2 Use of P2 Confidential Information

ISS must use the P2 Confidential Information exclusively for the purpose of due diligence and preparing the Scheme Booklet and for no other purpose (and must not make any use of any P2 Confidential Information to the competitive disadvantage of P2 or any of its Related Bodies Corporate).

17.3 Disclosure of ISS Confidential Information

No ISS Confidential Information may be disclosed by P2 to any person except:

- (a) Representatives of P2 or its Related Bodies Corporate requiring the information for the purposes of this agreement; or
- (b) with the consent of ISS which consent may be given or withheld in its absolute discretion; or
- (c) if P2 is required to do so by law or by a stock exchange (but only to the extent required); or

- (d) if P2 is required to do so in connection with legal proceedings relating to this agreement.

17.4 Use of ISS Confidential Information

P2 must use the ISS Confidential Information exclusively for the purpose of due diligence and preparing the Scheme Booklet and for no other purpose (and must not make any use of any ISS Confidential Information to the competitive disadvantage of ISS or any of its Related Bodies Corporate).

17.5 Disclosure by recipient of Confidential Information

Any party disclosing information under clause 17.1(a) or 17.1(b) or clause 17.3(a) or 17.3(b) must use reasonable endeavours to ensure that persons receiving Confidential Information from it do not disclose the information except in the circumstances permitted in clause 17.1 or clause 17.3.

17.6 Excluded Information

Clauses 17.1, 17.2, 17.3, 17.4 and 17.5 do not apply to the Excluded Information.

17.7 Confidentiality Agreement

Each party acknowledges and agrees that it continues to be bound by the Confidentiality Agreement (for so long as that document remains in force) in respect of all information received by it from the other party on, before or after the date of this agreement.

17.8 Termination

This clause 17 will survive termination (for whatever reason) of this agreement.

18 Notices and other communications

18.1 Form - all communications

Unless expressly stated otherwise in this agreement, all notices, certificates, consents, approvals, waivers and other communications in connection with this agreement must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

18.2 Form - communications sent by email

Communications sent by email need not be marked for attention in the way stated in clause 18.1. However, the email:

- (a) must state the first and last name of the sender; and
- (b) must be in plain text format or, if attached to an email, must be an Adobe Portable Document Format (pdf) file.

Communications sent by email are taken to be signed by the named sender.

18.3 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details;
- (d) sent by email to the address set out or referred to in the Details; or
- (e) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, fax number or email address, then communications must be to that address, fax number or email address.

18.4 When effective

Communications take effect from the time they are received or taken to be received under clause 18.5 (whichever happens first) unless a later time is specified.

18.5 When taken to be received

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another);
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent; or
- (c) if sent by email;
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first.

18.6 Receipt outside business hours

Despite clauses 18.4 and 18.5, if communications are received or taken to be received under clause 18.5 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

19 Goods and services tax (GST)

19.1 Consideration GST exclusive

Unless expressly stated otherwise in this agreement, all amounts payable or consideration to be provided under this agreement are exclusive of GST.

19.2 Payment of GST

If GST is payable on any supply made under this agreement, for which the consideration is not expressly stated to include GST, the recipient agrees to pay to the supplier an additional amount equal to the GST payable at the same time that the consideration for the supply, or the first part of the consideration for the supply (as the case may be), is to be provided. However:

- (a) the recipient need not pay the additional amount until the supplier gives the recipient a tax invoice or an adjustment note; and
- (b) if an adjustment event arises in respect of the supply, the additional amount must be adjusted to reflect the adjustment event and the recipient or the supplier (as the case may be) must make any payments necessary to reflect the adjustment.

19.3 Reimbursements

If a party is required under this agreement to indemnify another party, or pay or reimburse costs of another party, that party agrees to pay the relevant amount less any input tax credits to which the other party (or to which the representative member for a GST group of which the other party is a member) is entitled, except to the extent that the relevant event is a taxable supply for GST purposes.

19.4 Calculation of payments

If an amount payable under this agreement is to be calculated by reference to:

- (a) the price to be received for a taxable supply then, for the purposes of that calculation, the price is reduced to the extent that it includes any amount on account of GST; and
- (b) the price to be paid or provided for an acquisition then, for the purposes of that calculation, the price is reduced to the extent that an input tax credit is available for the acquisition.

19.5 Interpretation

For the purposes of this clause 19:

- (a) a term which has a defined meaning in the GST Act has the same meaning when used in this clause 19;
- (b) "GST Act" means the A New Tax System (Goods and Services Tax) Act 1999 (Cwth); and
- (c) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as though it is a separate supply.

20 Miscellaneous

20.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

20.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

20.3 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

20.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

20.5 Conflict of interest

The parties' rights and remedies under this agreement may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

20.6 Remedies cumulative

The rights and remedies in this agreement are in addition to other rights and remedies given by law independently of this agreement.

20.7 Variation and waiver

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

20.8 No merger

The warranties, undertakings and indemnities in this agreement do not merge on the Implementation Date.

20.9 Indemnities

The indemnities in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

20.10 Enforceability

For the purpose of this agreement:

- (a) ISS is taken to be acting as agent and trustee on behalf of and for the benefit of all ISS Indemnified Parties; and
- (b) P2 is taken to be acting as agent and trustee on behalf of and for the benefit of all P2 Indemnified Parties,

and all of those persons are to this extent taken to be parties to this agreement.

20.11 Knowledge and belief

The parties agree that any statement made in this agreement by an ISS Specified Person on the basis of their knowledge, information, belief or awareness, is made on the basis of matters that an ISS Specified Person:

- (a) is actually aware of; and
- (b) should reasonably be expected to be actually aware of having regard to their experience and their past and current position and responsibilities.

20.12 Release

Subject to section 199A of the Corporations Act, no party, and no officer or director of a party, shall be liable for anything done or purported to be done in

connection with the Scheme in good faith, but nothing in this clause shall exclude any liability which may arise from a grossly negligent act or omission on the part of such a person. Each party receives and holds the benefit of this release, to the extent that it relates to its officers or directors, as agent for them.

20.13 Further steps

Each party agrees, at its own expense, to do anything reasonable that the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):

- (a) to bind the party and any other person intended to be bound under this agreement; or
- (b) to show whether the party is complying with this agreement.

20.14 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

20.15 Costs

Subject to clauses 11 and 12, the parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this agreement and other related documentation.

20.16 Entire agreement

This agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

20.17 Assignment

Subject to clause 4.6, a party may not assign or otherwise deal with its rights under this agreement or allow any interest in them to arise or be varied in each case, without the consent of the other party.

20.18 No representation or reliance

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;
- (b) it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and
- (c) clauses 20.18(a) and 20.18(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

20.19 Governing law

This agreement is governed by the law in force in the place specified in the Details. Each party submits to the non-exclusive jurisdiction of the courts of that place.

20.20 Counterparts

This agreement may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

20.21 Appointment of Process Agent

P2 irrevocably appoints the Process Agent as its process agent to receive any document in an action in connection with this agreement.

If for any reason the Process Agent ceases to be able to act as process agent, P2 must promptly appoint another person in the place specified for Governing law in the Details as process agent.

P2 agrees that the service of documents on the Process Agent or any other person appointed under this clause will be sufficient service on it.

EXECUTED as an agreement

Merger Implementation Agreement

Schedule 1 - ISS Prescribed Events

- 1 **(Conversion)** ISS converts all or any of its securities into a larger or smaller number of securities.
- 2 **(Reduction of share capital)** ISS resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
- 3 **(Buy-back)** ISS:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
- 4 **(Distribution)** ISS makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
- 5 **(Issuing or granting securities or options)** ISS or any of its Subsidiaries:
 - (a) issues securities;
 - (b) grants an option over its securities; or
 - (c) agrees to make such an issue or grant such an option (including under any employment contract),in each case to a person outside ISS Group.
- 6 **(Securities or other instruments)** ISS or any of its Subsidiaries:
 - (a) issues securities or other instruments convertible into equity or debt securities; or
 - (b) agrees to issue securities or other instruments convertible into equity or debt securities (including under any employment contract),in each case to a person outside the ISS Group.
- 7 **(Constitution)** ISS or any of its Subsidiaries adopts a new constitution or modifies or repeals its constitution or a provision of it.
- 8 **(Disposals)** ISS or any of its Subsidiaries disposes, or agrees to dispose of the whole or a material or substantial part of the ISS Group's business or property.
- 9 **(Acquisitions, disposals or tenders)** ISS or any of its Subsidiaries:
 - (a) acquires or disposes of;
 - (b) agrees to acquire or dispose of;
 - (c) offers, proposes, announces a bid or tenders for,

any business, assets, entity or undertaking the value of which exceeds \$500,000. For the avoidance of doubt, this clause does not provide any restriction on a member of the ISS Group bidding or tendering for contracts with customers or potential customers.

- 10 **(Encumbrances)** ISS or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a material or substantial part of its business or property.
- 11 **(Termination and resignation of employees)**
 - (a) Any member of the ISS Group terminating the employment of any Key Employee other than for cause.
 - (b) For any reason there being a decrease of 10% or more in the number of personnel employed in one or more of the following divisions within the ISS Group:
 - (i) services; or
 - (ii) development.
- 12 **(Commitments and settlements)** ISS or any of its Subsidiaries:
 - (a) waiving any material third party default; or
 - (b) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$50,000) less than the full compensation due to ISS or a Subsidiary of ISS.
- 13 **(Insolvency)** ISS or any of its Related Bodies Corporate becomes Insolvent.
- 14 **(Employees)** Less than 90% of the employees in total of the ISS Group enter into new employment agreements with terms and conditions approved in writing by P2. For the purpose of this ISS Prescribed Event, the parties acknowledge and agree that before the date of this agreement each Key Employee entered into a new employment agreement with terms and conditions approved in writing by P2.

Merger Implementation Agreement

Schedule 2 - Conditions Precedent (clause 3.1)

Condition	Party entitled to benefit	Party responsible
1. Regulatory approvals		
Before 8.00am on the Second Court Date:	Both	Both
(a) (ASIC and ASX) ASIC and ASX have issued or provided (and not withdrawn, revoked or varied) such consents, waivers, modifications, and/or approvals or have done such other acts which are necessary or the parties agree are reasonably desirable to implement the Scheme. If such consents, waivers, modifications and/or approvals are subject to conditions those conditions must be acceptable to ISS and P2 (both acting reasonably);		
(b) (Regulatory Authority) all other consents, waivers and approvals of a Regulatory Authority which P2 and ISS, acting reasonably, consider are necessary or desirable to implement the Scheme are obtained. If such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to ISS and P2 (both acting reasonably); and	Both	Both
(c) (Court orders) no Court or other court of competent jurisdiction or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the implementation of any material aspect of the Merger and no	Both	Both

Condition	Party entitled to benefit	Party responsible
such order, decree, ruling, other action or refusal is in effect.		
2. Scheme approval	Cannot be waived	ISS
ISS Shareholders approve the Scheme by the requisite majorities in accordance with the Corporations Act.		
3. Court approval	Cannot be waived	ISS
The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.		
4. Third party consents	Both	Both
All other consents, waivers and approvals of a third party which P2 and ISS agree, acting reasonably, are necessary to implement the Merger are obtained. If such consents, waivers and/or approvals are subject to conditions those conditions must be acceptable to ISS and P2 (both acting reasonably).		
5. Independent Expert	ISS	ISS
The Independent Expert issues a report which concludes that the Scheme is in the best interests of ISS Shareholders before the date on which the Scheme Booklet is lodged with ASIC and does not change that conclusion or, having reached that conclusion, withdraws the Independent Expert's Report prior to the Second Court Date.		
6. No ISS Prescribed Event	P2	ISS
No ISS Prescribed Event occurs between the date of this agreement and 8.00am on the Second Court Date.		
7. No ISS Material Adverse Change	P2	ISS
No ISS Material Adverse Change occurs between the date of this agreement and 8.00am on the Second Court Date.		
8. ISS representations and warranties	P2	ISS
ISS's representations and warranties		

Condition	Party entitled to benefit	Party responsible
set out in schedule 6 are true and correct in all material respects as at the date of this agreement and as at 8.00am on the Second Court Date.		
9. P2 representations and warranties	ISS	P2
P2's representations and warranties set out in schedule 7 are true and correct in all material respects as at the date of this agreement and as at 8.00am on the Second Court Date.		
10. No deficit	P2	ISS
The franking or exempting account of ISS has ceased to be in deficit after the date of this agreement and is not in deficit as at 8.00am on the Second Court Date.		

Merger Implementation Agreement

Schedule 3 - Timetable (clause 5.1)

Event	Date
Lodge Scheme Booklet with ASIC	4 June 2013
Application in respect of the Court hearing to be held on the First Court Date, filed with the Court, served on ASIC and delivered to ASX	4 June 2013
First Court Date	19 June 2013
Printing and despatch of Scheme Booklet	19 – 21 June 2013
Scheme Meeting held	22 July 2013
Second Court Date	23 July 2013
Lodge Court order with ASIC (Effective Date)	23 July 2013
Record Date	30 July 2013
Implementation Date (Record Date plus one Business Days)	31 July 2013

Merger Implementation Agreement

Schedule 4 - ISS's Obligations (clause 6.1)

- 1 **(ISS Information)** ensure that the ISS Information included in the Scheme Booklet complies with the Corporations Act, the Corporations Regulations, the Listing Rules and ASIC Regulatory Guide 60.
- 2 **(Further ISS Information)** provide to P2 and Scheme Participants such further or new ISS Information as may arise after the Scheme Booklet has been despatched until the date of the Scheme Meeting as may be necessary to ensure that the ISS Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
- 3 **(Independent Expert)** promptly appoint the Independent Expert and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report for the Scheme Booklet.
- 4 **(Provide a copy of the Independent Expert's Report)** on receipt, provide P2 with a copy of all drafts of the Independent Expert's Report received by ISS from the Independent Expert from time to time for review for factual accuracy.
- 5 **(Promote merits of the Merger)** participate in and ensure that the ISS Board participates in efforts reasonably requested by P2 to promote the merits of the Merger, including meeting with key ISS Shareholders at the reasonable request of P2, unless and until the recommendations of the ISS Directors contemplated by clauses 6.3(a) or 6.3(b) are withdrawn or adversely modified because of a Superior Proposal or because the Independent Expert concludes that the Scheme is not in the best interests of ISS Shareholders.
- 6 **(Registry details)** subject to the terms of the Scheme:
 - (a) provide all necessary information about the Scheme Participants to P2 which P2 requires in order to assist P2 to solicit votes at the Scheme Meeting; and
 - (b) provide all necessary directions to the Registry to promptly provide any information that P2 reasonably requests in relation to the Register, including any sub-register, and, where requested by P2 ISS must procure such information to be provided to P2 in such electronic form as is reasonably requested by P2.
- 7 **(Section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.
- 8 **(Court application and representation)** apply to the Court for an order under section 411(1) of the Corporations Act directing ISS to convene the Scheme Meeting and engage counsel reasonably experienced in schemes of arrangement to represent ISS in all Court proceedings related to the Scheme and consult with P2 in relation to the content of any document required for the purpose of the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and take into account all reasonable comments provided for and on behalf of P2 in relation to such documents.

- 9 **(Registration of explanatory statement)** request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act.
- 10 **(Send Scheme Booklet)** send the Scheme Booklet to ISS Shareholders as soon as practicable after the Court orders ISS to convene the Scheme Meeting and otherwise in accordance with the Timetable.
- 11 **(Scheme Meeting)** convene the Scheme Meeting in accordance with any such orders made by the Court and seek the approval of ISS Shareholders for the Scheme and, for this purpose, the ISS Directors must participate in reasonable efforts to promote the merits of the Scheme, including meeting with key ISS Shareholders at the reasonable request of P2.
- 12 **(Proxy reports)** cause the Registry to report to it and P2 and their Representatives on the status of proxy forms received by the Registry for the Scheme Meeting, at 10 Business Days before the Scheme Meeting, at each subsequent Business Day up to the deadline for receipt of proxy forms and at such deadline. Provide to P2 such other information as it may receive concerning the voting intentions of ISS Shareholders.
- 13 **(Court order)** apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act.
- 14 **(Certificate)** provide the Court on the Second Court Date with a certificate confirming (in respect of matters within its knowledge) whether all the conditions precedent as set out in schedule 2 (other than the condition relating to Court approval of the Scheme - item 4) have been satisfied or waived in accordance with the terms of this agreement.
- 15 **(Lodge)** on the Second Court Date lodge with ASIC an office copy of any such Court order approving the Scheme as approved by the ISS Shareholders at the Scheme Meeting in accordance with section 411(10) of the Corporations Act.
- 16 **(Register information)** close the Register as at 7.00pm on the Record Date.
- 17 **(Registration)** register all transfers of ISS Shares to P2 on the Implementation Date.
- 18 **(Listing)** take all reasonable steps to maintain ISS's listing on ASX, notwithstanding any suspension of the quotation of ISS Shares, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC.
- 19 **(Compliance with laws)** use its best endeavours to do everything reasonably within its power to ensure that the Scheme is effected in accordance with all laws and regulations applicable in relation to the Scheme.
- 20 **(Non-compete)** in respect of each officer and employee of the ISS Group as at the date of this agreement, confirm in writing to P2 as soon as reasonably practicable after the date of this agreement and in any event within five Business Days of the date of this agreement the non-compete restrictions that apply to those persons under their existing arrangements with the relevant member of the ISS Group.
- 21 **(Suspension of incentive plans)** with effect from date of this agreement, terminate all of its executive and employee incentive plans (including ISS's Employee Incentive Option Plan ("**Option Plan**")) that will or could result in securities in ISS being issued to any person.

- 22 **(Termination of incentive plans)** subject to Court approval of the Scheme, but with effect from the Implementation Date or such later date agreed by the parties acting reasonably, terminate all of its executive and employee incentive plans (including the Option Plan) that will or could result in securities in ISS being issued to any person.
- 23 **(Other steps)** do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

Merger Implementation Agreement

Schedule 5 - P2's Obligations (clause 6.2)

- 1 **(P2 Information)** prepare and promptly provide to ISS for inclusion in the Scheme Booklet such P2 Information as ISS reasonably requires to prepare and issue the Scheme Booklet (including any information required under the Corporations Act, Corporations Regulations, the Listing Rules or ASIC Regulatory Guide 60).
- 2 **(Review of Scheme Booklet)** review the drafts of the Scheme Booklet prepared by ISS and provide comments as soon as practicable.
- 3 **(Further P2 Information)** promptly provide to ISS such further or new P2 Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the P2 Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
- 4 **(Independent Expert Information)** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's report to be included in the Scheme Booklet.
- 5 **(Representation)** procure that it is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel P2 must undertake (if requested by the Court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this agreement and the Scheme.
- 6 **(Certificate)** provide the Court on the Second Court Date with a certificate confirming (in respect of matters within its knowledge) whether all the conditions precedent as set out in schedule 2 (other than the condition relating to Court approval of the Scheme - item 4) have been satisfied or waived in accordance with the terms of this agreement.
- 7 **(Deed Poll)** prior to the Scheme Booklet being sent to ISS Shareholders, sign and deliver the Deed Poll.
- 8 **(Share transfer)** if the Scheme becomes Effective, accept a transfer of the ISS Shares as contemplated by clause 4.1(a) and the Scheme.
- 9 **(Consideration)** if the Scheme becomes Effective, procure the payment of the Scheme Consideration to ISS in the manner and amount contemplated by clause 4.3(b) and the Deed Poll.
- 10 **(Compliance with laws)** use its best endeavours to do everything reasonably within its power to ensure that the Scheme is effected in accordance with all laws and regulations applicable in relation to the Scheme.
- 11 **(Other steps)** do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

Merger Implementation Agreement

Schedule 6 - ISS's representations and warranties (clause 13.1)

- 1 **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
- 2 **(Execution)** the execution and delivery of this agreement has been properly authorised by all necessary corporate action of ISS.
- 3 **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this agreement and to consummate and perform or cause to be performed its obligations under this agreement in accordance with its terms.
- 4 **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it.
- 6 **(ISS Information)** the ISS Information provided in accordance with this agreement and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive in any material respect nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the Listing Rules and ASIC Regulatory Guide 60.
- 7 **(Due diligence)** to the best of the knowledge of each ISS Specified Person as at the date of this agreement, all Due Diligence Materials were prepared in good faith with due care, skill and diligence, are true and correct in all material respects and are not misleading in any material respect, whether by way of omission or otherwise.
- 8 **(Reliance)** the ISS Information contained in the Scheme Booklet will be included in good faith and on the understanding that P2 and its directors will rely on that information for the purposes of considering and approving the P2 Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme.
- 9 **(Further information)** ISS will, as a continuing obligation, provide to P2 all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of item 6 of this schedule if it applied as at the date upon which that information arose.
- 10 **(Continuous disclosure)** ISS is not in breach of its continuous disclosure obligations under the Corporations Act and the Listing Rules in any material respect and is not relying on the carve-out in Listing Rule 3.1A to withhold any material information from disclosure.
- 11 **(Periodic disclosure)** the periodic financial disclosures made by ISS in its annual financial report and half-yearly financial report were not misleading or deceptive in any material respect when made and are prepared in accordance with the Corporations Act and with all relevant Accounting Standards in all material respects and give a true and fair view of the financial position and performance of the ISS Group as at the date they were made.

- 12 **(Opinions)** any statement of opinion or belief contained in the ISS Information is honestly held and there are reasonable grounds for holding the opinion or belief.
- 13 **(Provision of information to the Independent Expert)** all information provided by or on behalf of ISS to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
- 14 **(Compliance)** it and its Subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them and have all material licenses, permits and franchises necessary for them to conduct their respective businesses as presently being conducted.
- 15 **(Insolvency)** no member of the ISS Group is Insolvent.
- 16 **(No default)** neither it nor any of its Subsidiaries is in default under any document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect, and to the best of the knowledge of each ISS Specified Person, no other party to any such document, agreement or instrument is in material breach thereof or material default thereunder, where such breach or default will, or would reasonably be likely to have a material adverse effect on ISS.
- 17 **(Material Contracts)** each Material Contract is in full force and effect and constitutes a valid and binding obligation of any member of the ISS Group party thereto and is enforceable against such member of the ISS Group in accordance with its terms. To the best of the knowledge of each ISS Specified Person, each Material Contract is a valid and binding obligation of each other party thereto and enforceable against such other party in accordance with its terms.
- 18 **(Customers)** no member of the ISS Group has received any explicit statement that any of its top 30 customers based on maintenance revenue recognised for the 12 month period ending 31 March 2013 intends to terminate or substantially reduce its business with the ISS Group, and no such customer has terminated or substantially reduced its business with the ISS Group or materially modified its existing terms with any member of the ISS Group in an unfavourable manner in the 12 months immediately preceding the date of this agreement.
- 19 **(Securities)** ISS's issued securities as at the date of this agreement are 136,150,863 fully paid ordinary shares quoted on ASX, and ISS has not issued, or agreed to issue, any other securities or instruments which are still outstanding and which may convert into ISS Shares or any other securities in ISS.
- 20 **(Intellectual property)** the conduct of the business of ISS and its Subsidiaries or the use of its software by its customers does not infringe or otherwise violate the intellectual property of, or obligations of confidence owed to, any third party, and no claims have been made with respect to the foregoing. To the best of the knowledge of each ISS Specified Person, no third party has infringed or otherwise violated the intellectual property used in or necessary for the conduct of ISS's business. Neither ISS nor any Subsidiary of ISS is party to any open source software licenses that would require the disclosure of any of source code material to the operation of the business or require any software of the business to be made available at no charge.

- 21 **(Source code)** neither ISS nor any of its subsidiaries, nor any other person acting on their behalf, has:
- (a) licensed, disclosed or delivered;
 - (b) agreed to licence, disclose or deliver;
 - (c) permitted the licence, disclosure or delivery,
- of any source code to any escrow agent or other third party.
- 22 **(No Encumbrances)** there is no Encumbrance over all or any of its assets or revenues.
- 23 **(Current Actions)** neither ISS nor any of its Subsidiaries is:
- (a) a party to or the subject of any Action; or
 - (b) the subject of any ruling, judgement, order or decree by any Regulatory Authority or any other person.
- 24 **(Pending, threatened or anticipated Actions)** to the best of the knowledge of each ISS Specified Person, there is no Action, judgment, order or decree pending, threatened or anticipated, against ISS or any of its Subsidiaries.
- 25 **(Benefit plans)** the Due Diligence Materials include a list of all Benefit Plans and complete and accurate copies of all such Benefit Plans. Each Benefit Plan has been funded and maintained, in form and operation, in accordance with its terms, applicable labour agreements and applicable law in all material respects. Neither ISS nor any of its Subsidiaries maintains, contributes to or has any liability with respect to any defined benefit pension plan, defined benefit superannuation fund or any plan or arrangement that requires (or could require) ISS or its Subsidiaries to provide post-employment welfare benefits (other than as required under applicable laws). No Actions are pending or threatened with respect to any Benefit Plan. The consummation of the transactions contemplated by this agreement will not accelerate the time of the payment or vesting of, or increase the amount of, or result in the forfeiture of compensation or benefits under any Benefit Plan.
- 26 **(Disclosure)** the Due Diligence Materials includes all information requested in writing by P2 and its Representatives in connection with the Merger which is actually known to the ISS Specified Persons as at the date of this agreement and has not knowingly modified or withheld any information from P2.
- 27 **(Advisers costs)** the total costs of the Merger to ISS for fees and disbursements of its financial and legal advisers (including Steinepreis Paganin and Abe Shasha Consulting Inc.) are not expected to exceed the amount set out in the email sent by Garry Perotti to Mark Vanderneut on 3 June 2013.
- 28 **(Change of control provisions)** the Due Diligence Materials include all agreements to which any member of the ISS Group is a party, or by which any member of the ISS Group is bound or any of their assets are or may be bound or be subject, which results in, or could result in:
- (a) any monies borrowed by any member of the ISS Group being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement;
 - (b) any such agreement being terminated or modified or any action being taken or arising thereunder;

- (c) the interest of any member of the ISS Group in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- (d) the business of any member of the ISS Group with any other person being adversely affected,

as a result of ISS entering into this agreement or the acquisition of ISS Shares by P2.

- 29 **(Grants)** no member of the ISS Group is in default in respect of any grant, subsidy or other financial assistance the ISS Group has received from any Regulatory Authority (including any grant received by the ISS Group under the "Commercial Ready Program" administered by the Department of Innovation, Industry, Science and Research).

Merger Implementation Agreement

Schedule 7 - P2's representations and warranties (clause 13.4)

- 1 **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
- 2 **(Execution)** the execution and delivery of this agreement has been properly authorised by all necessary corporate action of P2.
- 3 **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this agreement and to consummate and perform or cause to be performed its obligations under this agreement in accordance with its terms.
- 4 **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it.
- 5 **(Reliance)** the P2 Information provided to ISS for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that ISS and its directors will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the Corporations Act.
- 6 **(P2 Information)** the P2 Information provided in accordance with this agreement and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the Listing Rules and ASIC Regulatory Guide 60.
- 7 **(Further information)** P2 will, as a continuing obligation, provide to ISS all such further or new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of item 6 of this schedule if it applied as at the date on which that information arose.
- 11 **(Opinions)** any statement of opinion or belief contained in the P2 Information is honestly held and there are reasonable grounds for holding the opinion or belief.
- 12 **(Provision of information to Independent Expert)** all information provided by or on behalf of P2 to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
- 13 **(Funding)** on the date of execution of this agreement and at all times before 8.00am on the Second Court Date it will have available to it sufficient cash amounts (whether from internal cash resources or external funding arrangements or a combination of both) to satisfy its obligation to pay the Scheme Consideration in accordance with the obligations under this agreement, the Deed Poll and the Scheme and to provide ISS with funding in accordance with clause 4.3(b) of this agreement.

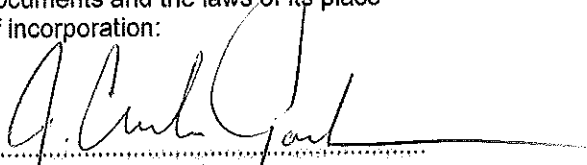
Merger Implementation Agreement

Signing page

DATED: 4 JUNE 2013.

EXECUTED by P2ES HOLDINGS, INC.

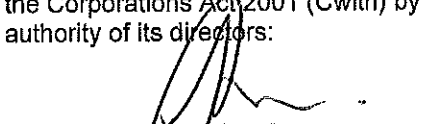
in accordance with its constituent documents and the laws of its place of incorporation:



By: J. Charles Goodman
Its: Chief Executive Officer

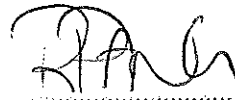
EXECUTED by ISS GROUP LIMITED

in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:



Signature of director

EVAN GEORGE CROSS
Name of director (block letters)



Signature of director/company secretary*

*delete whichever is not applicable

RICHARD PANK
Name of director/company secretary*
(block letters)

*delete whichever is not applicable

Merger Implementation Agreement

Annexure A - Announcement (clause 16.1)

ISS Group Limited. ACN: 109 443 852
Unit 1, 40 Hasler Road, Osborne Park, Western Australia 6017
T +61 8 9241 0300 F +61 8 9242 8121
www.issgroup.com.au



issgroup
Southampton
Singapore
Adelaide
Houston
Sydney
Perth

4 June 2013

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

P2ES HOLDINGS, INC. TO ACQUIRE ISS GROUP LIMITED

The Directors of ISS Group Limited (**ISS** or **Company**) (**ASX: ISS**) are pleased to announce the proposed acquisition of all of the issued fully paid ordinary shares in the capital of the Company (**ISS Shares**) by P2ES Holdings, Inc. (**P2**), by means of an ISS scheme of arrangement (**the Scheme**).

Under the Scheme, holders of ISS Shares (**ISS Shareholders**) will, subject to satisfaction of the conditions precedent to the Scheme, receive a total cash consideration of \$0.33 cash for every ISS Share held.

The Scheme consideration of \$0.33 per ISS Share represents:

- a 50% premium to \$0.22, the closing price of ISS Shares on 31 May 2013 (being the last trading day before announcement of the Scheme - **Last Trading Date**);
- a 38.7% premium to \$0.238, the volume weighted average price (**VWAP**) of ISS Shares 30 days up to and including the Last Trading Date; and
- a 41.4% premium to \$0.2334, the VWAP of ISS Shares for 90 days up to and including the Last Trading Date.

The Scheme implies a value for ISS of approximately \$45,000,000.

The Directors of ISS have commissioned RSM Bird Cameron (**Independent Expert**) to opine on whether the Scheme is in the best interests of ISS Shareholders. The Independent Expert's Report will be provided to ISS Shareholders as part of a scheme booklet prepared by ISS containing information in relation to the Scheme, including a recommendation of the ISS Directors.

The Directors of ISS have carefully considered the advantages and disadvantages of the Scheme and, in the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders, unanimously recommend that ISS Shareholders vote in favour of the resolution to approve the Scheme at the upcoming scheme meeting.

In the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders, each of the ISS



issgroup

Directors intends to vote the ISS Shares in which they have a relevant interest in favour of the resolution to approve the Scheme at the upcoming scheme meeting, which amounts to approximately 28% of the total current ISS Shares on issue.

Each member of the Company's key management has entered into new employment agreements with the Company on terms satisfactory to P2.

ISS's Chairman, Evan Cross said today:

"The ISS Board believes that the cash offer from P2 represents a good opportunity for ISS Shareholders to realise value and secure an attractive premium in an uncertain market environment. As a board we are unanimously of the view that the P2 proposal is in ISS Shareholders' best interests, in the absence of a superior proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders."

About P2

P2 is a leading technology company that provides a comprehensive range of software, geospatial data, land management tools, and outsourcing services, to the energy industry. More than 1,200 energy companies around the world use P2 products and services to improve decision-making, gain clarity into complex workflow scenarios, and optimise upstream efficiency. For more information about P2, visit www.p2energysolutions.com.

Scheme Details

ISS and P2 have entered into a Merger Implementation Agreement (**MIA**) under which each party has agreed to take all steps necessary to implement the Scheme. The implementation of the Scheme is subject to a number of conditions precedent, including, but not limited to, an Independent Expert's Report concluding and continuing to conclude that the Scheme is in the best interests of ISS Shareholders, ISS Shareholders and the court approving the Scheme, and there being no material adverse change in relation to ISS.

A copy of the MIA is attached to this announcement.

Timetable

ISS Shareholders are expected to receive a scheme booklet in relation to the Scheme on 21 June 2013, with a scheme meeting where ISS Shareholders may vote to approve the Scheme expected to be held on 22 July 2013. The Scheme is expected to be implemented by 31 July 2013. Details of the scheme meeting, including voting procedures, will be included in the scheme booklet.

Steinepreis Paganin is acting as legal adviser to ISS.



issgroup

Contacts

Name	Company	Contact
Evan Cross	Chairman ISS Group Limited	+61 8 9241 0300
Richard Pang	Chief Executive Officer ISS Group Limited	+61 8 9241 0300

Richard Pang is available for meetings in Perth, Melbourne and Sydney on the following dates.
Please contact Christie Battishall on +61 8 9241 0300 to book a meeting.

City	Date/s
Perth	Wednesday, 5 June 2013
Melbourne	Friday, 7 June 2013
Sydney	Tuesday, 11 June 2013 & Wednesday, 12 June 2013

About ISS Group Limited:

ISS Group delivers operational management software solutions to the global Oil and Gas, Mining, Metals, Minerals and Manufacturing industries. ISS Group was established in 1995 and listed on the ASX in 2004. The Company has offices in Australia, US, Europe and Asia and has a blue chip client base including Chevron, BHP Billiton, Woodside, Santos, Rio Tinto, Shell, BG Group, BP, Hess Corporation, Maersk Oil, Petronas, PTTEP and Fortescue Metals.

The BabelFish™ product suite comprises a number of integrated modules that enable operations to capture, validate, analyse and report against business critical data and workflows. BabelFish™ provides an efficient and integral decision making and problem solving environment for personnel in operations, engineering and business management.

Please visit the ISS Group website www.issgroup.com.au for further information.

Merger Implementation Agreement

A copy of the MIA is attached to this announcement.

Merger Implementation Agreement

Annexure B - Scheme

Scheme of Arrangement

Dated

ISS Group Limited (ABN 27 109 443 852) ("**ISS**")

Each person registered as a holder of issued fully paid ordinary shares in the capital of ISS as at 7.00pm on the Record Date ("**Scheme Participants**")

King & Wood Mallesons

Level 61

Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Australia

T +61 2 9296 2000

F +61 2 9296 3999

DX 113 Sydney

www.kwm.com

02-5506-3640

GRG:MV

Scheme of Arrangement

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Scheme of Arrangement

Details

Parties	ISS and Scheme Participants	
ISS	Name	ISS Group Limited
	ABN	27 109 443 852
	Address	40 Hasler Road Osborne Park WA 6017 AUSTRALIA
	Telephone	+61 8 9241 0300
	Fax	+61 8 9242 8121
	Email	garry.perotti@issgroup.com.au
	Attention	Company Secretary
Scheme Participants	Each person registered as a holder of issued fully paid ordinary shares in the capital of ISS as at 7.00pm on the Record Date	
ISS Shares	136,150,863 fully paid ordinary shares quoted on ASX	
Governing law	Western Australia, Australia	

Scheme of Arrangement

General terms

1 Definitions and interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears.

ASIC the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as appropriate.

Business Day means a day:

- (a) that is a business day as defined in the Listing Rules;
- (b) that is not a public holiday in Denver, Colorado, United States of America; and
- (c) on which banks are open for general banking business in Denver, Colorado, United States of America.

CHESS means the Clearing House Electronic Subregister System operated by ASX Clear Pty Limited (ABN 48 001 314 503) and ASX Settlement Pty Limited (ABN 49 008 504 532).

Corporations Act means the Corporations Act 2001 (Cwlth).

Court means the Federal Court of Australia (Western Australia registry), or such other court of competent jurisdiction under the Corporations Act agreed in writing by P2 and ISS.

Deed Poll means the deed poll dated [●] executed by P2 substantially in the form of Annexure C to the Merger Implementation Agreement or as otherwise agreed by P2 and ISS under which P2 covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Details means the section of this Scheme headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which this Scheme becomes Effective.

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the Personal Property Securities Act 2009 (Cwlth); or

- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

End Date means the date which is four months from the date of the Merger Implementation Agreement or such other date as is agreed by P2 and ISS.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to ISS.

Implementation Date means the first Business Day following the Record Date or such other date as is agreed by P2 and ISS.

ISS has the meaning given in the Details.

ISS Share means an issued fully paid ordinary share in the capital of ISS (the aggregate number of which as at the date of the Merger Implementation Agreement is set out in the Details).

ISS Shareholder means each person registered in the Register as a holder of ISS Shares.

Listing Rules means the Listing Rules of ASX.

Merger Implementation Agreement means the merger implementation agreement dated [●] between ISS and P2 under which, amongst other things, ISS has agreed to propose this Scheme to ISS Shareholders, and each of ISS and P2 has agreed to take certain steps to give effect to this Scheme.

P2 means P2ES Holdings, Inc.

P2 Nominee means:

- (a) P2; or
- (b) a body corporate nominated by P2 pursuant to clause 4.6 of the Merger Implementation Agreement, all of the issued shares of which are or will on the Implementation Date be directly or indirectly owned by P2.

Record Date means the fifth Business Day following the Effective Date or such other date (after the Effective Date) as P2 and ISS agree.

Register means the register of members of ISS maintained by or on behalf of ISS in accordance with section 168(1) of the Corporations Act and **Registry** has a corresponding meaning.

Registered Address means, in relation to an ISS Shareholder, the address shown in the Register.

Regulatory Authority includes:

- (a) ASX;

- (b) ASIC;
- (c) a government or governmental, semi-governmental or judicial entity or authority;
- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (e) any regulatory organisation established under statute.

Scheme means this scheme of arrangement between ISS and Scheme Participants under which all of the Scheme Shares will be transferred to P2 under Part 5.1 of the Corporations Act in accordance with clause 5, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent these amendments or conditions are approved in writing by ISS and P2 in accordance with clause 8.3 of this Scheme.

Scheme Consideration means \$0.33 per ISS Share (based upon the aggregate number ISS Shares as at the date of the Merger Implementation Agreement, as set out in the Details) less the amount of any dividend declared or determined to be payable, or paid, by ISS in respect of ISS Shares from the date of the Merger Implementation Agreement up to and including the Implementation Date.

Scheme Meeting means the meeting of ISS Shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which ISS Shareholders will vote on this Scheme.

Scheme Participant means each person who is an ISS Shareholder as at 7.00pm on the Record Date.

Scheme Share means an ISS Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any ISS Shares issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, in favour of P2 as transferee, which may be a master transfer of all Scheme Shares.

Trust Account means the trust account operated by or on behalf of ISS to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.2 of this Scheme.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

- (a) **(variations or replacement)** a document, agreement (including this Scheme) or instrument is a reference to that document, agreement or instrument as varied, consolidated, supplemented, novated or replaced;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this Scheme;

- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(party)** a party means a party to this Scheme;
- (g) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (h) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (m) **(time of day)** time is a reference to Perth, Western Australia time.

1.3 Next day

If an act under this Scheme to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2 Preliminary

2.1 ISS

ISS is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Western Australia; and
- (c) admitted to the official list of ASX and ISS Shares are officially quoted on the stock market conducted by ASX.

As at [●], ISS's issued securities were 136,150,863 ISS Shares.

2.2 P2

P2 is a corporation incorporated under the laws of the State of Delaware, United States of America.

2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to P2, P2 will, and ISS must use its best endeavours to procure that P2 does, pay or procure the payment of the Scheme Consideration to ISS on behalf of each Scheme Participant in accordance with the terms of this Scheme and the Deed Poll;
- (b) all Scheme Shares will be transferred to P2 on the Implementation Date; and
- (c) ISS will enter the name of P2 in the Register in respect of all Scheme Shares transferred to P2 in accordance with the terms of this Scheme.

2.4 Merger Implementation Agreement

ISS and P2 have agreed, by executing the Merger Implementation Agreement, to implement the terms of this Scheme.

2.5 Deed Poll

P2 has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to pay or procure the payment of the Scheme Consideration.

2.6 P2 Nominee

On or before the date which is five Business Days before the Second Court Date, P2 must by written notice to ISS nominate the P2 Nominee in accordance with clause 4.6 of the Merger Implementation Agreement. If the P2 Nominee is not P2 all references in this Scheme to P2 acquiring the Scheme Shares and paying the Scheme Consideration are to be construed as if references to P2 were replaced with references to the nominated P2 Nominee, except that P2 shall remain responsible for the performance of those obligations with the P2 Nominee.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, the Deed Poll and the Merger Implementation Agreement not having been terminated;
- (b) all of the conditions precedent in schedule 2 of the Merger Implementation Agreement having been satisfied or waived (other than the condition precedent in item 3 relating to Court approval of this Scheme) in accordance with the terms of the Merger Implementation Agreement by 8.00am on the Second Court Date;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, ISS and P2 having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme as are acceptable to ISS and P2; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition precedent in clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate in relation to conditions precedent

ISS and P2 must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in clauses 3.1(c), 3.1(d) and 3.1(e) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificates referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the conditions precedent in clauses 3.1(c), 3.1(d) and 3.1(e) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date or the Merger Implementation Agreement is terminated in accordance with its terms, unless ISS and P2 otherwise agree in writing.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e) of this Scheme) are satisfied, ISS must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as P2 and ISS agree in writing.

5.2 Transfer and registration of ISS Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.2 of this Scheme and P2 having provided ISS with written confirmation thereof:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to P2 without the need for any further act by any Scheme Participant (other than acts performed by ISS as attorney and agent for Scheme Participants under clause 8.2 of this Scheme) by:
 - (i) ISS delivering to P2 a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) P2 duly executing the Share Scheme Transfer and delivering it to ISS for registration; and
- (b) as soon as practicable after receipt of the duly executed Share Scheme Transfer in accordance with clause 5.2(a)(ii), ISS must enter, or procure the entry of, the name of P2 in the Register in respect of all Scheme Shares transferred to P2 in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to P2 of the Scheme Shares in accordance with clause 5.2, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in ISS Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, P2 will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by ISS of P2 in the Register as the holder of the Scheme Shares.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to P2 and is deemed to have authorised ISS to warrant to P2 as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to P2 under this Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to P2 under this Scheme.

ISS undertakes that it will provide such warranty to P2 as agent and attorney for the Scheme Participant.

5.7 Transfer free of encumbrances

To the extent permitted by law, all Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to P2 under this Scheme will, at the date of the transfer of them to P2, vest in P2 free from all Encumbrances.

5.8 Appointment of P2 as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2 and 6.2 of this Scheme, on and from the Implementation Date until ISS registers P2 as the holder of all of the ISS Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints ISS as attorney and agent (and directs ISS in such capacity) to appoint P2, each of its directors and nominated agents from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to ISS Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a));
- (b) must take all other actions in the capacity of the registered holder of ISS Shares as P2 reasonably directs; and
- (c) acknowledges and agrees that in exercising the powers referred to in clause 5.8(a), P2 and each of its directors from time to time may act in the best interests of P2 as the intended registered holder of the Scheme Shares.

ISS undertakes in favour of each Scheme Participant that it will appoint P2 and each of its directors and nominated agents from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a) of this Scheme.

6 Scheme Consideration

6.1 Scheme Consideration

On the Implementation Date, P2 must, and ISS must use its best endeavours to procure that P2 does, deposit or procure the deposit in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (details of which must be provided to P2 by ISS on or before the Record Date) on the Implementation Date (except that the amount of any interest on the amount deposited (less bank fees and other charges) will be to P2's account).

6.2 Payment of Scheme Consideration

As soon as practicable following the implementation of this Scheme on the Implementation Date, subject to receipt of the Scheme Consideration from P2 in accordance with clause 6.1 of this Scheme, ISS must pay or procure the payment from the Trust Account to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to P2 on the Implementation Date by that Scheme Participant.

In satisfaction of the payment obligations of ISS under this clause 6.2, and unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.2 must be paid by direct credit or sending a cheque drawn on an Australian bank in Australian currency as soon as practicable following the implementation of this Scheme on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 7.00pm on the Record Date.

6.3 Unclaimed monies

ISS may cancel a cheque issued under clause 6.2 of this Scheme if the cheque:

- (a) is returned to ISS or the Registry; or
- (b) has not been presented for payment within 6 months after the date on which the cheque was sent.

During the period of one year commencing on the Implementation Date, on request from a Scheme Participant, ISS must reissue a cheque that was previously cancelled under this clause 6.3.

6.4 Orders of a court

In the case of notice having been given to ISS (or the Registry) of an order made by a court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.2 of this Scheme, then ISS shall procure that payment is made in accordance with that order; or
- (b) which would prevent ISS from dispatching payment to any particular Scheme Participant in accordance with clause 6.2 of this Scheme, or such payment is otherwise prohibited by applicable law, ISS will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration

until such time as payment in accordance with clause 6.2 of this Scheme is permitted by law.

6.5 Joint holders

In the case of Scheme Shares held in joint names, the Scheme Consideration is payable to the joint holders and any cheque required to be paid to Scheme Participants must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 7.00pm on the Record Date.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares or other alterations to the Register will only be recognised by ISS if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before 7.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings, or valid requests in respect of other alterations, are received on or before 7.00pm on the Record Date at the place where the Register is kept.

7.2 Register

ISS must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before 7.00pm on the Record Date, provided that, for the avoidance of doubt, nothing in this clause 7.2 requires ISS to register a transfer that would result in an ISS Shareholder holding a parcel of Scheme Shares that is less than a 'marketable parcel' (and for the purposes of this clause 7.2, 'marketable parcel' has the meaning given in the Operating Rules of the ASX).

7.3 No disposals after Effective Date

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

ISS will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after 7.00pm on the Record Date (except a transfer to P2 pursuant to this Scheme and any subsequent transfer by P2 or its successors in title), or received prior to such time but not in registrable form.

7.4 Maintenance of Register

For the purpose of determining entitlements to the Scheme Consideration, ISS will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been paid to the Scheme Participants and P2 has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to P2 contemplated in clauses 5.2 and 6.1 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after 7.00pm on the Record Date as documents of title in respect of those shares (other than statements of holding in favour of P2 and its successors in title). After 7.00pm on the Record Date, each entry current on the Register as at 7.00pm on the Record Date (other than entries in respect of P2 or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

7.6 Details of Scheme Participants

Within one Business Day after the Record Date, ISS will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at 7.00pm on the Record Date, are provided to P2 in such form as P2 reasonably requires.

7.7 Quotation of ISS Shares

- (a) It is expected that suspension of trading on ASX in ISS Shares will occur from the close of trading on ASX on the Effective Date.
- (b) On a date after the Implementation Date to be determined by P2, ISS will apply:
 - (i) for termination of the official quotation of ISS Shares on ASX; and
 - (ii) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Stamp duty

P2 will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Participant against any liability arising from P2's failure to comply with clause 8.1.

8.2 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints ISS and each of its directors and company secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer;
- (b) enforcing the Deed Poll against P2,

and ISS accepts such appointment.

8.3 Variations, alterations and conditions

ISS may, with the consent of P2, by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

8.4 Further action by ISS

ISS will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

8.5 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to ISS and P2 doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds ISS and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of ISS.

8.6 No liability when acting in good faith

Neither ISS nor P2, nor any of their respective directors, officers or secretaries, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

8.7 Enforcement of Deed Poll

ISS undertakes in favour of each Scheme Participant to enforce the Deed Poll against P2 on behalf of and as agent and attorney for the Scheme Participants.

8.8 Notices

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to ISS, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Registry.

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any ISS Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9 Governing law

9.1 Governing law

This Scheme is governed by the law in force in Western Australia, Australia.

9.2 Jurisdiction

Each party irrevocably and unconditionally:

- (a) submits to the non-exclusive jurisdiction of the courts of that place; and

- (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

Merger Implementation Agreement

Annexure C - Deed Poll

Deed Poll

Dated

Given by P2ES Holdings, Inc. ("P2")

In favour of each person registered as a holder of issued fully paid ordinary shares in the capital of ISS Group Limited (ABN 27 109 443 852) as at 7.00pm on the Record Date ("**Scheme Participants**")

King & Wood Mallesons

Level 61

Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Australia

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DX 113 Sydney

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GRG:MV

Deed Poll

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Deed Poll

Details

Party	P2
P2	Name P2ES Holdings, Inc.
	Incorporated in Delaware, United States of America
	Address 1670 Broadway, Suite 2800 Denver CO 80202 UNITED STATES OF AMERICA
	Telephone +1 303 292 0990
	Fax +1 303 292 1812
	Email sgrieshaber@p2energysolutions.com
	Attention Shaine Grieshaber, General Counsel
In favour of	Each person registered as a holder of issued fully paid ordinary shares in the capital of ISS as at 7.00pm on the Record Date
Recitals	A The directors of ISS have resolved that ISS should propose the Scheme.
	B The effect of the Scheme will be that all Scheme Shares will be transferred to P2.
	C ISS and P2 have entered into the Merger Implementation Agreement.
	D In the Merger Implementation Agreement, P2 agreed (amongst other things) to pay the Scheme Consideration to ISS on behalf of the Scheme Participants, subject to the satisfaction of certain conditions.
	E P2 is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme.
Governing law	Western Australia, Australia
Date of deed poll	See Signing page

Deed Poll

General terms

1 Definitions and interpretation

1.1 Definitions

In this deed poll (unless the contrary intention appears):

- (a) **Authorised Officer** means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this deed poll;
- (b) **Scheme** means the proposed scheme of arrangement between ISS and Scheme Participants under which all the Scheme Shares will be transferred to P2 under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent these amendments or conditions are approved in writing by ISS and P2 in accordance with clause 8.3 of the Scheme; and
- (c) all other words and phrases used in this deed poll have the same meaning as given to them in the Scheme.

1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this deed poll except that references to "this Scheme" in that clause are to be read as references to "this deed poll".

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

1.4 Nature of deed poll

P2 acknowledges that this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

2 Conditions precedent and termination

2.1 Conditions precedent

P2's obligations under clause 4 are subject to the Scheme becoming Effective.

2.2 Termination

P2's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or

- (b) the Merger Implementation Agreement is terminated in accordance with its terms.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) P2 is released from its obligations to further perform this deed poll; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against P2 in respect of any breach of this deed poll which occurs before it is terminated.

3 Performance of obligations generally

P2 must comply with its obligations under the Merger Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme.

4 Scheme Consideration

4.1 Scheme Consideration

- (a) Subject to clause 2, P2 undertakes in favour of each Scheme Participant to pay, or procure payment of, the Scheme Consideration to the Trust Account on behalf of each Scheme Participant in accordance with the Scheme; and
- (b) P2 undertakes to take all actions attributed to it under the Scheme, subject to and in accordance with the provisions of the Scheme.

4.2 Manner of payment

P2's obligation to pay, or procure payment of, the Scheme Consideration pursuant to clause 4.1 will be satisfied by P2, on the Implementation Date, depositing (or procuring the deposit) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable for all the Scheme Shares to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited (less bank fees and other charges) will be to P2's account).

5 Representations and warranties

P2 represents and warrants that:

- (a) It is a valid existing corporation registered under the laws of its place of incorporation;
- (b) It has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) It has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to

authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;

- (d) this deed poll is valid and binding upon P2 and enforceable against P2 in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of the constituent documents of P2, or any writ, order or injunction, judgment, law, rule or regulation to which P2 is a party or subject to or by which it is bound.

6 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) P2 has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

7 P2 Nominee

On or before the date which is five Business Days before the Second Court Date, P2 must by written notice to ISS nominate the P2 Nominee in accordance with clause 4.6 of the Merger Implementation Agreement. If the P2 Nominee is not P2 all references in this deed poll to P2 acquiring the Scheme Shares and paying the Scheme Consideration are to be construed as if references to P2 were replaced with references to the nominated P2 Nominee, except that P2 shall remain responsible for the performance of those obligations with the P2 Nominee.

8 Notices and other communications

8.1 Form - all communications

Unless expressly stated otherwise in this deed poll, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed poll must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

8.2 Form - communications sent by email

Communications sent by email need not be marked for attention in the way stated in clause 8.1. However, the email:

- (a) must state the first and last name of the sender; and
- (b) must be in plain text format or, if attached to an email, must be an Adobe Portable Document Format (pdf) file.

Communications sent by email are taken to be signed by the named sender.

8.3 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details;
- (d) sent by email to the address set out or referred to in the Details; or
- (e) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, fax number or email address, then communications must be to that address, fax number or email address.

8.4 When effective

Communications take effect from the time they are received or taken to be received under clause 8.5 (whichever happens first) unless a later time is specified.

8.5 When taken to be received

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another);
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent; or
- (c) if sent by email;
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first.

8.6 Receipt outside business hours

Despite clauses 8.4 and 8.5, if communications are received or taken to be received under clause 8.5 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

9 General

9.1 Waiver

- (a) A waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party giving the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
- (i) a right arising from a breach of this deed poll; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,
- does not result in a waiver of that right, power, authority, discretion or remedy.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy by that other party.

9.2 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by ISS and P2 in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event P2 must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

9.3 Remedies cumulative

The rights, powers and remedies of P2 and the Scheme Participants under this deed poll are cumulative and are in addition to, and do not exclude any, other rights, powers and remedies given by law independently of this deed poll.

9.4 Assignment

The rights and obligations of P2 and each Scheme Participant under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt or purport to do so without the prior written consent of P2 and ISS.

9.5 Governing law and jurisdiction

This deed poll is governed by the law in force in the place specified in the Details. P2 irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place in respect to any proceedings arising out of or in connection with this deed poll. P2 irrevocably waives any objection to the venue of any legal

process in these courts on the basis that the process has been brought in an inconvenient forum.

9.6 Further action

P2 must, at its own expense, execute all deeds and other documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

9.7 Service of process

Without preventing any other mode of service, any document in a legal action, suit or other proceeding in the courts of the place specified in the Details, Australia or courts of appeal from them (including any writ of summons or other originating process or any third or other party notice) may be served on P2 by being delivered to or left for P2 at the address shown in the Details.

EXECUTED as a deed poll

Deed Poll

Signing page

DATED: _____

SIGNED, SEALED AND DELIVERED
by **P2ES HOLDINGS, INC.:**

.....
By: J. Charles Goodman
Its: Chief Executive Officer

Deed Poll

Annexure A - Scheme

Scheme of Arrangement

Dated

ISS Group Limited (ABN 27 109 443 852) ("**ISS**")

Each person registered as a holder of issued fully paid ordinary shares in the capital of ISS as at 7.00pm on the Record Date ("**Scheme Participants**")

King & Wood Mallesons

Level 61

Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Australia

T +61 2 9296 2000

F +61 2 9296 3999

DX 113 Sydney

www.kwm.com

02-5506-3640

GRG:MV

Scheme of Arrangement

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Scheme of Arrangement

Details

Parties	ISS and Scheme Participants	
ISS	Name	ISS Group Limited
	ABN	27 109 443 852
	Address	40 Hasler Road Osborne Park WA 6017 AUSTRALIA
	Telephone	+61 8 9241 0300
	Fax	+61 8 9242 8121
	Email	garry.perotti@issgroup.com.au
	Attention	Company Secretary
Scheme Participants	Each person registered as a holder of issued fully paid ordinary shares in the capital of ISS as at 7.00pm on the Record Date	
ISS Shares	136,150,863 fully paid ordinary shares quoted on ASX	
Governing law	Western Australia, Australia	

Scheme of Arrangement

General terms

1 Definitions and interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears.

ASIC the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as appropriate.

Business Day means a day:

- (a) that is a business day as defined in the Listing Rules;
- (b) that is not a public holiday in Denver, Colorado, United States of America; and
- (c) on which banks are open for general banking business in Denver, Colorado, United States of America.

CHESS means the Clearing House Electronic Subregister System operated by ASX Clear Pty Limited (ABN 48 001 314 503) and ASX Settlement Pty Limited (ABN 49 008 504 532).

Corporations Act means the Corporations Act 2001 (Cwth).

Court means the Federal Court of Australia (Western Australia registry), or such other court of competent jurisdiction under the Corporations Act agreed in writing by P2 and ISS.

Deed Poll means the deed poll dated [●] executed by P2 substantially in the form of Annexure C to the Merger Implementation Agreement or as otherwise agreed by P2 and ISS under which P2 covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Details means the section of this Scheme headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which this Scheme becomes Effective.

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the Personal Property Securities Act 2009 (Cwth); or

- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

End Date means the date which is four months from the date of the Merger Implementation Agreement or such other date as is agreed by P2 and ISS.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to ISS.

Implementation Date means the first Business Day following the Record Date or such other date as is agreed by P2 and ISS.

ISS has the meaning given in the Details.

ISS Share means an issued fully paid ordinary share in the capital of ISS (the aggregate number of which as at the date of the Merger Implementation Agreement is set out in the Details).

ISS Shareholder means each person registered in the Register as a holder of ISS Shares.

Listing Rules means the Listing Rules of ASX.

Merger Implementation Agreement means the merger implementation agreement dated [●] between ISS and P2 under which, amongst other things, ISS has agreed to propose this Scheme to ISS Shareholders, and each of ISS and P2 has agreed to take certain steps to give effect to this Scheme.

P2 means P2ES Holdings, Inc.

P2 Nominee means:

- (a) P2; or
- (b) a body corporate nominated by P2 pursuant to clause 4.6 of the Merger Implementation Agreement, all of the issued shares of which are or will on the Implementation Date be directly or indirectly owned by P2.

Record Date means the fifth Business Day following the Effective Date or such other date (after the Effective Date) as P2 and ISS agree.

Register means the register of members of ISS maintained by or on behalf of ISS in accordance with section 168(1) of the Corporations Act and **Registry** has a corresponding meaning.

Registered Address means, in relation to an ISS Shareholder, the address shown in the Register.

Regulatory Authority includes:

- (a) ASX;

- (b) ASIC;
- (c) a government or governmental, semi-governmental or judicial entity or authority;
- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (e) any regulatory organisation established under statute.

Scheme means this scheme of arrangement between ISS and Scheme Participants under which all of the Scheme Shares will be transferred to P2 under Part 5.1 of the Corporations Act in accordance with clause 5, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent these amendments or conditions are approved in writing by ISS and P2 in accordance with clause 8.3 of this Scheme.

Scheme Consideration means \$0.33 per ISS Share (based upon the aggregate number ISS Shares as at the date of the Merger Implementation Agreement, as set out in the Details) less the amount of any dividend declared or determined to be payable, or paid, by ISS in respect of ISS Shares from the date of the Merger Implementation Agreement up to and including the Implementation Date.

Scheme Meeting means the meeting of ISS Shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which ISS Shareholders will vote on this Scheme.

Scheme Participant means each person who is an ISS Shareholder as at 7.00pm on the Record Date.

Scheme Share means an ISS Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any ISS Shares issued on or before the Record Date.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, in favour of P2 as transferee, which may be a master transfer of all Scheme Shares.

Trust Account means the trust account operated by or on behalf of ISS to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.2 of this Scheme.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

- (a) **(variations or replacement)** a document, agreement (including this Scheme) or instrument is a reference to that document, agreement or instrument as varied, consolidated, supplemented, novated or replaced;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this Scheme;

- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(party)** a party means a party to this Scheme;
- (g) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (h) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (m) **(time of day)** time is a reference to Perth, Western Australia time.

1.3 Next day

If an act under this Scheme to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2 Preliminary

2.1 ISS

ISS is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Western Australia; and
- (c) admitted to the official list of ASX and ISS Shares are officially quoted on the stock market conducted by ASX.

As at [●], ISS's issued securities were 136,150,863 ISS Shares.

2.2 P2

P2 is a corporation incorporated under the laws of the State of Delaware, United States of America.

2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to P2, P2 will, and ISS must use its best endeavours to procure that P2 does, pay or procure the payment of the Scheme Consideration to ISS on behalf of each Scheme Participant in accordance with the terms of this Scheme and the Deed Poll;
- (b) all Scheme Shares will be transferred to P2 on the Implementation Date; and
- (c) ISS will enter the name of P2 in the Register in respect of all Scheme Shares transferred to P2 in accordance with the terms of this Scheme.

2.4 Merger Implementation Agreement

ISS and P2 have agreed, by executing the Merger Implementation Agreement, to implement the terms of this Scheme.

2.5 Deed Poll

P2 has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to pay or procure the payment of the Scheme Consideration.

2.6 P2 Nominee

On or before the date which is five Business Days before the Second Court Date, P2 must by written notice to ISS nominate the P2 Nominee in accordance with clause 4.6 of the Merger Implementation Agreement. If the P2 Nominee is not P2 all references in this Scheme to P2 acquiring the Scheme Shares and paying the Scheme Consideration are to be construed as if references to P2 were replaced with references to the nominated P2 Nominee, except that P2 shall remain responsible for the performance of those obligations with the P2 Nominee.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, the Deed Poll and the Merger Implementation Agreement not having been terminated;
- (b) all of the conditions precedent in schedule 2 of the Merger Implementation Agreement having been satisfied or waived (other than the condition precedent in item 3 relating to Court approval of this Scheme) in accordance with the terms of the Merger Implementation Agreement by 8.00am on the Second Court Date;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, ISS and P2 having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme as are acceptable to ISS and P2; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition precedent in clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate in relation to conditions precedent

ISS and P2 must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in clauses 3.1(c), 3.1(d) and 3.1(e) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificates referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the conditions precedent in clauses 3.1(c), 3.1(d) and 3.1(e) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date or the Merger Implementation Agreement is terminated in accordance with its terms, unless ISS and P2 otherwise agree in writing.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e) of this Scheme) are satisfied, ISS must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as P2 and ISS agree in writing.

5.2 Transfer and registration of ISS Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.2 of this Scheme and P2 having provided ISS with written confirmation thereof:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to P2 without the need for any further act by any Scheme Participant (other than acts performed by ISS as attorney and agent for Scheme Participants under clause 8.2 of this Scheme) by:
 - (i) ISS delivering to P2 a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) P2 duly executing the Share Scheme Transfer and delivering it to ISS for registration; and
- (b) as soon as practicable after receipt of the duly executed Share Scheme Transfer in accordance with clause 5.2(a)(ii), ISS must enter, or procure the entry of, the name of P2 in the Register in respect of all Scheme Shares transferred to P2 in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to P2 of the Scheme Shares in accordance with clause 5.2, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in ISS Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, P2 will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by ISS of P2 in the Register as the holder of the Scheme Shares.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to P2 and is deemed to have authorised ISS to warrant to P2 as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to P2 under this Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to P2 under this Scheme.

ISS undertakes that it will provide such warranty to P2 as agent and attorney for the Scheme Participant.

5.7 Transfer free of encumbrances

To the extent permitted by law, all Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to P2 under this Scheme will, at the date of the transfer of them to P2, vest in P2 free from all Encumbrances.

5.8 Appointment of P2 as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2 and 6.2 of this Scheme, on and from the Implementation Date until ISS registers P2 as the holder of all of the ISS Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints ISS as attorney and agent (and directs ISS in such capacity) to appoint P2, each of its directors and nominated agents from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to ISS Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a));
- (b) must take all other actions in the capacity of the registered holder of ISS Shares as P2 reasonably directs; and
- (c) acknowledges and agrees that in exercising the powers referred to in clause 5.8(a), P2 and each of its directors from time to time may act in the best interests of P2 as the intended registered holder of the Scheme Shares.

ISS undertakes in favour of each Scheme Participant that it will appoint P2 and each of its directors and nominated agents from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a) of this Scheme.

6 Scheme Consideration

6.1 Scheme Consideration

On the Implementation Date, P2 must, and ISS must use its best endeavours to procure that P2 does, deposit or procure the deposit in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (details of which must be provided to P2 by ISS on or before the Record Date) on the Implementation Date (except that the amount of any interest on the amount deposited (less bank fees and other charges) will be to P2's account).

6.2 Payment of Scheme Consideration

As soon as practicable following the implementation of this Scheme on the Implementation Date, subject to receipt of the Scheme Consideration from P2 in accordance with clause 6.1 of this Scheme, ISS must pay or procure the payment from the Trust Account to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to P2 on the Implementation Date by that Scheme Participant.

In satisfaction of the payment obligations of ISS under this clause 6.2, and unless otherwise directed by the Scheme Participants before the Record Date, the amounts referred to in this clause 6.2 must be paid by direct credit or sending a cheque drawn on an Australian bank in Australian currency as soon as practicable following the implementation of this Scheme on the Implementation Date to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 7.00pm on the Record Date.

6.3 Unclaimed monies

ISS may cancel a cheque issued under clause 6.2 of this Scheme if the cheque:

- (a) is returned to ISS or the Registry; or
- (b) has not been presented for payment within 6 months after the date on which the cheque was sent.

During the period of one year commencing on the Implementation Date, on request from a Scheme Participant, ISS must reissue a cheque that was previously cancelled under this clause 6.3.

6.4 Orders of a court

In the case of notice having been given to ISS (or the Registry) of an order made by a court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.2 of this Scheme, then ISS shall procure that payment is made in accordance with that order; or
- (b) which would prevent ISS from dispatching payment to any particular Scheme Participant in accordance with clause 6.2 of this Scheme, or such payment is otherwise prohibited by applicable law, ISS will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration

until such time as payment in accordance with clause 6.2 of this Scheme is permitted by law.

6.5 Joint holders

In the case of Scheme Shares held in joint names, the Scheme Consideration is payable to the joint holders and any cheque required to be paid to Scheme Participants must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 7.00pm on the Record Date.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares or other alterations to the Register will only be recognised by ISS if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before 7.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings, or valid requests in respect of other alterations, are received on or before 7.00pm on the Record Date at the place where the Register is kept.

7.2 Register

ISS must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before 7.00pm on the Record Date, provided that, for the avoidance of doubt, nothing in this clause 7.2 requires ISS to register a transfer that would result in an ISS Shareholder holding a parcel of Scheme Shares that is less than a 'marketable parcel' (and for the purposes of this clause 7.2, 'marketable parcel' has the meaning given in the Operating Rules of the ASX).

7.3 No disposals after Effective Date

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

ISS will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after 7.00pm on the Record Date (except a transfer to P2 pursuant to this Scheme and any subsequent transfer by P2 or its successors in title), or received prior to such time but not in registrable form.

7.4 Maintenance of Register

For the purpose of determining entitlements to the Scheme Consideration, ISS will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been paid to the Scheme Participants and P2 has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to P2 contemplated in clauses 5.2 and 6.1 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after 7.00pm on the Record Date as documents of title in respect of those shares (other than statements of holding in favour of P2 and its successors in title). After 7.00pm on the Record Date, each entry current on the Register as at 7.00pm on the Record Date (other than entries in respect of P2 or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

7.6 Details of Scheme Participants

Within one Business Day after the Record Date, ISS will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at 7.00pm on the Record Date, are provided to P2 in such form as P2 reasonably requires.

7.7 Quotation of ISS Shares

- (a) It is expected that suspension of trading on ASX in ISS Shares will occur from the close of trading on ASX on the Effective Date.
- (b) On a date after the Implementation Date to be determined by P2, ISS will apply:
 - (i) for termination of the official quotation of ISS Shares on ASX; and
 - (ii) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Stamp duty

P2 will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Participant against any liability arising from P2's failure to comply with clause 8.1.

8.2 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints ISS and each of its directors and company secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer;
- (b) enforcing the Deed Poll against P2,

and ISS accepts such appointment.

8.3 Variations, alterations and conditions

ISS may, with the consent of P2, by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

8.4 Further action by ISS

ISS will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

8.5 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to ISS and P2 doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds ISS and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of ISS.

8.6 No liability when acting in good faith

Neither ISS nor P2, nor any of their respective directors, officers or secretaries, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

8.7 Enforcement of Deed Poll

ISS undertakes in favour of each Scheme Participant to enforce the Deed Poll against P2 on behalf of and as agent and attorney for the Scheme Participants.

8.8 Notices

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to ISS, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Registry.

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any ISS Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9 Governing law

9.1 Governing law

This Scheme is governed by the law in force in Western Australia, Australia,

9.2 Jurisdiction

Each party irrevocably and unconditionally:

- (a) submits to the non-exclusive jurisdiction of the courts of that place; and

- (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.