STRATATEL LTD

ACN 088 257 729

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00am (Sydney Time)

DATE: 31 October 2013

PLACE: Hilton Hotel, 488 George Street, Sydney NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 7600.

An independent expert's report is attached to this Notice, in Annexure 1 as required by ASX Listing Rule 10.1 and item 7 of section 611 of the Corporations Act. The report concludes that the Transaction the subject of Resolution 1 in this Notice of Meeting, is not fair but reasonable to the Company's non-associated Shareholders, for the reasons set out in the Independent Expert's Report.

CONTENTS PAGE

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at **10:00am (Sydney Time)** on **31 October 2013** at:

Hilton Hotel, 488 George Street Sydney NSW 2000

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am (Sydney Time) on 29 October 2013.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

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

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
    - o the proxy is not recorded as attending the meeting;
    - o the proxy does not vote on the resolution,

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

BUSINESS OF THE MEETING

AGENDA

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the Directors, the Directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ACQUISITION OF A RELEVANT INTEREST BY GRAHAM BAILLIE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 2 and completion of the Transaction, for the purposes of section 208 and item 7 of section 611 of the Corporations Act, ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for:

(a) the Company to issue to Graham Baillie:

(i) a total of 35,714,284 Options;

(ii) a total of 71,428,571 Shares; and

(iii) cash consideration of $1,000,000; and

(b) the acquisition of a relevant interest in the issued voting shares of the Company by Graham Baillie in excess of the threshold prescribed by section 606(1) of the Corporations Act,

on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Graham Baillie (and his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 (Item 7) of the Corporations Act and under Listing Rule 10.1 of the ASX Listing Rules, as attached to this Notice. The Independent Expert's Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company.

2. RESOLUTION 2 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, subject to the passing of Resolution 1 and completion of the Transaction, *for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to JCurve Solutions Ltd."*

3. RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

> *"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2013."*

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or

(d) the voter is the Chair and the appointment of the Chair as proxy:

  (i) does not specify the way the proxy is to vote on this Resolution; and

  (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 –APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

> *"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – RE-ELECTION OF DIRECTOR – GRAHAM BAILLIE

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

"That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Graham Baillie, a Director, retires by rotation, and being eligible, is re-elected as a Director."

6. RESOLUTION 6 – ADOPTION OF EMPLOYEE SHARE PLAN

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

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Share Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any party other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair of the Meeting; and

(d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 19 SEPTEMBER 2013

BY ORDER OF THE BOARD

SARAH SMITH
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at http://stratatel.com.au/.

1. RESOLUTION 1 –ACQUISITION OF A RELEVANT INTEREST BY GRAHAM BAILLIE

1.1 Background

On 16 September, the Company announced it had entered into a Heads of Agreement (**Agreement**) to acquire the Business of JCurve Solutions Pty Ltd (ACN 136 494 356) (**JCurve**) (**Transaction**).

The material terms of the Agreement are as follows:

(a) (**Consideration**): Graham Baillie will receive the consideration:

*(i) a total of 35,714,284 Options (the Options to have the terms contained in note 2 of the table in clause 1.3) (**Related Party Options**);*

*(ii) a total of 71,428,571 Shares (**Related Party Shares**); and*

(iii) cash consideration of $1,000,000,

*(**Related Party Consideration**);*

(b) (**Conditions Precedent)**: the Agreement is conditional upon the following being satisfied (or waived by the Company in its sole discretion):

(i) the Company conducting due diligence on the Business of JCurve and those due diligence investigations have not identified any matter or issue which in the Company's sole discretion is a reason not to proceed with the Transaction, which has been successfully completed;

(ii) Resolutions 1 and 2 being approved by Shareholders;

(iii) Netsuite extending the term of the International Reseller Agreement for a further period of 3 years;

(iv) the completion of an Independent Expert Report on the Transaction for the purposes of section 611 of the Corporations

Act, ASX Listing Rule 10.1 and otherwise, which is attached as Annexure 1 to this Notice; and

(v) the parties obtaining any necessary approvals and consents as required for the Transaction;

(c) (**Transfer of Business and Assumption of Liabilities**): subject to satisfaction of the Conditions Precedent, JCurve will transfer the Business to the Company and the Company will assume the Liabilities;

(d) (**Appointment of Managing Director**): Mr Baillie will be appointed as Managing Director of the Company for an initial term of 2 years with remuneration of $280,000 per annum inclusive of superannuation (**Bailie Remuneration**); and

(e) (**Offer to Employees**): the Company is to make an offer of employment to employees of JCurve on terms no less favourable than the terms of employment of the JCurve employees prior to the settlement of the Transaction.

1.2 Details of JCurve

JCurve are one of the only providers of a fully featured, fully integrated system specifically tailored to the business management needs of growing small and medium businesses in the Australia and New Zealand region. JCurve's software is delivered in the 'Cloud' and is already helping thousands of customers globally and over 1,000 in Australia.

JCurve operates under an "International Reseller Agreement" it has with New York Stock Exchange listed Netsuite, who has more than 16,000 customers worldwide (**International Reseller Agreement**). The International Reseller Agreement held by JCurve licences exclusive rights to sell a range of products that Netsuite has specifically customised for the small business market in Australia and New Zealand.

Under the International Reseller Agreement, NetSuite is obligated to forward to JCurve any sales leads it generates on companies with 10 employees or less. In addition, JCurve is a non-exclusive reseller of Netsuite's offerings to larger clients. JCurve is reliant on the International Reseller Agreement for the conduct of its business.

This strategic technology alliance with NetSuite aims to ensure that JCurve has the most up to date business software technology and functionality available anywhere in the world today.

1.3 Pro Forma Capital Structure of the Company

The capital structure of the Company following settlement of the Transaction is set out below:

Shares

	Number
Shares on issue as at the date of this Notice	191,077,728
Shares to be issued pursuant to Resolution 1	71,428,571
Total Shares on settlement of the Transaction	**262,506,299**

Options

	Number
Options on issue as at the date of this Notice	300,000[1]
Options to be issued pursuant to Resolution 1	35,714,284[2]
Total Options on settlement of the Transaction as at the date of this Notice	**36,014,284**

Notes

1. 300,000 Options exercisable at $0.15 each on or before 17 October 2013.
2. Subject to Shareholder approval, a total of 35,714,284 Options will be issued to Mr Baillie, on the following terms:
   (a) 8,928,571 Options which automatically vest when the Share price reaches 7.5c (for a period of 10 consecutive days) exercisable on or before 31 March 2016 with an exercise price of $0.000001;
   (b) 8,928,571 Options which automatically vest when the Share price reaches 10c (for a period of 10 consecutive days) exercisable on or before 31 March 2017 with an exercise price of $0.000001;
   (c) 8,928,571 Options which automatically vest when the Share price reaches 15c (for a period of 10 consecutive days) exercisable on or before 31 March 2018 with an exercise price of $0.000001;
   (d) 8,928,571 Options which vest automatically when the Share price reaches 15c (for a period of 10 consecutive days) exercisable on or before 31 March 2019 with an exercise price of $0.000001.

1.4 General

This Resolution seeks Shareholder approval for the purpose of Chapter 2E and Item 7 of section 611 of the Corporations Act and Listing Rules 10.1 and 10.11 to allow the Company to issue the Related Party Consideration to Graham Baillie as consideration for the Transaction on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Consideration constitutes giving a financial benefit and Graham Baillie is a related party of the Company by virtue of being a Director.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Related Party Consideration to Graham Baillie.

1.5 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Consideration:

(a) as stated in section 1.4 of this Explanatory Statement, Graham Baillie is a related party by virtue of being a Director;

(b) the Related Party Consideration to be granted to Graham Baillie is:

  (i) 35,714,284 Options;

  (ii) 71,428,571 Shares; and

  (iii) cash consideration of $1,000,000;

(c) the Related Party Consideration will be granted to Graham Baillie no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Consideration will be issued on one date;

(d) the Shares and Options to be granted to Graham Baillie (**Related Party Securities**) will be granted for nil cash consideration, accordingly no funds will be raised;

(e) the terms and conditions of the Related Party Options are set out in Schedule 1;

(f) the Related Party Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares;

(g) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;

(h) the relevant interests of Graham Baillie in securities of the Company are set out below:

Related Party	Shares	Options
Graham Baillie	9,890,907	nil

(i) the remuneration and emoluments from the Company to Graham Baillie for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Graham Baillie	$91,257[1]	$91,257

1. Subject to settlement of the Transaction, Mr Baillie's remuneration for the current financial year will increase to $280,000.

(j) if the Related Party Options granted to Graham Baillie are exercised, a total of 35,714,284 Shares would be issued. This will increase the number of Shares on issue from 191,077,728 to 298,220,583 (assuming that no other Options are exercised and no shares other than those contemplated by this Resolution are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 35.9%.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

(k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	$0.039	26 August 2013
Lowest	$0.012	4 - 18 January 2013
Last	$0.030	9 September 2013

(l) the Board acknowledges the grant of Related Party Options to Graham Baillie is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to Graham Baillie reasonable in the circumstances for the reasons set out in paragraphs 1.5(p)-(r);

(m) the primary purpose of the grant of the Related Party Consideration is to provide consideration to Graham Baillie for the Transaction;

(n) Graham Baillie declines to make a recommendation to Shareholders in relation to this Resolution due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted the Related Party Consideration should this Resolution be passed;

(o) with the exception of Graham Baillie, no other Director has a personal interest in the outcome of this Resolution;

(p) John Bond recommends that Shareholders vote in favour of this Resolution for the following reasons:

   (i) the grant of the Related Party Securities to Graham Baillie will align the interests of Graham Baillie with those of Shareholders;

   (ii) the grant of the Related Party Consideration is a reasonable and appropriate method to provide cost effective consideration as the largely non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Graham Baillie;

   (iii) it is not expected that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Related Party Consideration upon the terms proposed; and

   (iv) the potential increase in market capitalisation of the Company following settlement of the Transaction may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present.

(q) Michael Fairclough recommends that Shareholders vote in favour of this Resolution for the following reasons:

   (i) the grant of the Related Party Securities to Graham Baillie will align the interests of Graham Bailie with those of Shareholders;

   (ii) the grant of the Related Party Consideration is a reasonable and appropriate method to provide cost effective consideration as the largely non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Graham Baillie;

   (iii) it is not expected that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Related Party Consideration upon the terms proposed; and

   (iv) the potential increase in market capitalisation of the Company following settlement of the Transaction may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present.

(r) Ian Macliver recommends that Shareholders vote in favour of this Resolution for the following reasons:

   (i) the grant of the Related Party Securities to Graham Baillie will align the interests of Graham Baillie with those of Shareholders;

(ii) the grant of the Related Party Consideration is a reasonable and appropriate method to provide cost effective consideration as the largely non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Graham Baillie;

(iii) it is not expected that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Related Party Consideration upon the terms proposed;

(iv) the potential increase in market capitalisation of the Company following settlement of the Transaction may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present.

(s) in forming their recommendations, each Director considered the experience of Graham Baillie, the current market price of Shares, the current market practices when determining the quantum of consideration to be granted as well as the exercise price and expiry date of those Related Party Options; and

(t) the Board is not aware of any information other than in this Notice that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Securities to Graham Baillie as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Securities to Graham Baillie will not be included in the 25% calculation of the Company's annual placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A.

1.6 Shareholder approval – Item 7 of section 611 of the Corporations Act

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%,

(**Prohibition**).

Voting Power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Associates

A person (**second person**) will be an 'associate' of the other person (**first person**) if one or more of the following paragraphs applies:

(c) pursuant to section 11 of the Corporations Act, the first person is a body corporate and the second person is:

(i) a director or secretary of the body;

(ii) a related body corporate; or

(iii) a director or secretary of a related body corporate,

(d) pursuant to section 12(2) of the Corporations Act, the first person is a body corporate and the second person is:

(i) a body corporate the first person controls;

(ii) a body corporate that controls the first person; or

(iii) a body corporate that is controlled by an entity that controls the person;

(e) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or

(f) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

1.7 Relevant Interests

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

(a) are the holder of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

(d) a body corporate in which the person's voting power is above 20%;

(e) a body corporate that the person controls.

1.8 Reason why section 611 approval required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition described in section 1.6 above, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Assuming the Related Party Securities are issued to Graham Baillie pursuant to this Notice, Graham Baillie will have a relevant interest in 117,033,762 Shares in the Company, representing 39.24% voting power in the Company upon exercise of the Related Party Options.

This assumes that no other Shares are issued or Options are exercised.

Accordingly, this Resolution seeks Shareholder approval for the purpose of section 611 Item 7 and all other purposes to enable the Company to issue the Related Party Securities to Graham Baillie (or his nominee) and to enable Graham Baillie (or his nominee) to exercise the Related Party Options.

1.9 Specific information required by section 611 item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of section 611 of the Corporations Act for this Resolution. Shareholders are also referred to the Independent Expert's Report annexed as Annexure 1.

(a) **Identity of the Acquirer and its Associates**

The Related Party Consideration is to be provided to Graham Baillie, who has no associates.

(b) **Reasons for the issue of the Related Party Consideration**

The Related Party Consideration is being issued to Mr Baillie in consideration for the Transaction. The advantages of the Transaction and the Directors' recommendations in relation to the Transaction are contained in sections 1.5(p)- (r) of this Explanatory Statement.

(c) **Relevant interests and voting power**

The table below shows the maximum percentage of Shares that Graham Baillie (or his nominees) will be entitled to and the voting power of Graham Baillie after implementation of all Resolutions in this Notice:

Shareholder	Current Shares	Voting Power	Share Placement	Option Placement	Total Maximum Shares (Fully Diluted)	Maximum Voting Power[1]
Mr Baillie	9,890,907	5.18%	71,428,571	35,714,284	117,033,762	39.24%
Non associated	181,186,821	94.82%	0	0	181,186,821	60.76%
Total	**191,077,728**	**100.00%**	**262,506,299**	**35,714,284**	**298,220,583**	**100.00%**

Notes:

1. Assuming no other Options are exercised or no Shares are issued other than those contemplated under Resolution 1.

The maximum relevant interest in issued voting shares that Graham Baillie (or his nominees) will hold after implementation of Resolution 1 on a fully diluted basis (that is, after exercise of the Related Party Options) is 117,033,762 Shares.

The maximum voting power that Graham Baillie will hold after implementation of Resolution 1 on a fully diluted basis is 39.24%. This represents an increase from 5.18% to 39.24%.

Further detail on the voting power of Mr Baillie is set out in the Independent Expert's Report.

In addition, Mr Baillie is to receive the Baillie Remuneration as contained in clause 1.1(d).

(d) **<u>Date of proposed issue of securities</u>**

The Company proposes to issue the Related Party Consideration no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

(e) **<u>Material terms of the Transaction</u>**

The material terms of the proposed Transaction are outlined above in this Explanatory Statement at section 1.1 which include being conditional on approval of Resolutions 1 and 2.

Further details of the Transaction are set out throughout this Explanatory Statement. Shareholders are also referred to the Independent Expert's Report set out in Annexure 1.

(f) **<u>Graham Baillie's Intentions</u>**

Other than as disclosed elsewhere in this Explanatory Statement, Graham Baillie:

(i) has no intention of making any significant changes to the Company's business other than as set out in this Notice, however it is intended the Company will consider new opportunities as and when they may arise;

(ii) does not intend to redeploy any fixed assets of the Company;

(iii) does not have any present intention to inject further capital into the Company;

(iv) does not intend to transfer any property between the Company or any person associated with it; and

(v) has no current intention to change the Company's existing policies in relation to financial matters;

(vi) does not currently intend to change the future employment of the Company's employees.

These intentions are based on information concerning the Company, its business and the business environment which is known to Mr Baillie at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) **Identity, associations and qualifications of Nominee Director**

In conjunction with the issue of the Related Party Consideration, the Company will appoint Mr Baillie as Managing Director with effect from the Settlement Date as outlined in section 1.1(d).

Mr Baillie is currently the sole shareholder and executive chairman of JCurve Solutions Pty Ltd, which has developed and recently launched software for small business, branded JCurve, into the Australian & NZ markets.

In 1994, Mr Baillie established Outsource Australia Pty Ltd (OSA) to provide outsourcing services to the Australian market. In his capacity as majority shareholder and Chief Executive Officer he developed the company nationally and internationally. Today OSA is known as Converga.

Prior to this, Mr Baillie was with AUSDOC during its formative years through to its ultimate ASX listing in September 1993. In this time he was not only integral to the development of the company throughout Australia but was also involved in establishing similar business operations in New Zealand, USA and United Kingdom.

Mr Baillie has no directorships other than as Managing Director of JCurve.

The interests of Mr Baillie and his associates are disclosed in sections 1.5 and 1.9 of this Explanatory Statement.

In addition, Mr Nihal Gupta will be appointed as Chairman if the Transaction is approved. Neither Mr Gupta nor his associates have an interest in the Company.

Nihal Gupta is currently the chair of the NSW Multicultural Business Advisory Panel after being elected for a two year term commencing in 2011. Mr Gupta is also a member of the NSW Export and Investment Advisory Board, as well as a director on the board of the SCG Trust. Previously, Mr Gupta was appointed as an Ambassador of Immigration and Multicultural Affairs by the former Federal Government and participated in trade missions at both a state and federal government levels. Mr Gupta has 30 years' experience in consumer electronics and IT, and a background in sales, marketing and manufacturing. He is an entrepreneur, with experience in international business management throughout the Asia Pacific region including China, Japan, Taiwan, South Korea and Hong Kong. Mr Gupta is currently Managing Director of Digital Electronics Corporation Australia Pty Ltd, which he established in 2005.

It is also anticipated that Michael Fairclough and Ian Macliver will retire shortly after the AGM and their replacements will be named in due course.

(h) **Directors' Interests and Recommendations**

The Directors, other than Mr Baillie, recommend that Shareholders vote in favour of this Resolution for the reasons given in sections 1.5(p), 1.5(q) and 1.5(r) of this Explanatory Statement, however Shareholders are encouraged to read the disadvantages of the Transaction listed in section 1.9(i). Only Mr Baillie has an interest in the Transaction and this is set out in section 1.9(c) of this Explanatory Statement.

(i) **Disadvantages of the Related Party Consideration**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on this Resolution:

(i) the issue of the Related Party Consideration will increase the voting power of Mr Baillie from 5.18% to 34.24%, reducing the voting power of non-associated Shareholders in aggregate from 94.82 to 60.76%;

(ii) existing Shareholders will have their current Share holdings diluted by approximately 36%, which may lead to a decrease in the price of their Shares; and

(iii) there is no guarantee that the Company's Shares will not fall in value as a result of the issue of Shares to Mr Baillie.

The Independent Expert's Report also contains an assessment of the disadvantages of the proposed issue of the Related Party consideration the subject of this Resolution.

(j) **Capital structure**

The proposed capital structure of the Company following completion of all the Transaction is as set out in section 1.3 of this Explanatory Statement.

(k) **Independent Expert's Report**

The Independent Expert's Report prepared by RSM Bird Cameron sets out a detailed examination of the proposed Transaction to enable non-associated Shareholders to assess the merits and decide whether to approve the issue of the Related Party Consideration.

To the extent that it is appropriate, the Independent Expert's Report sets out further information with respect to the Transaction and concludes that the issue of the Related Party Consideration to Graham Baillie is not fair but reasonable to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report set out in Annexure 1 to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

1.10 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, a related party, without obtaining approval from its Shareholders.

As stated in section 1.4 of this Explanatory Statement, Graham Baillie is a related party of the Company. An asset is "substantial" if its value, or the value of the consideration for it, is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the ASX Listing Rules.

The issue of the Related Party Consideration may be considered to be a disposal of a substantial asset that therefore requires shareholder approval under ASX Listing Rule 10.1.

ASX Listing Rule 10.1 provides that Shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed acquisition or disposal from an independent expert.

Accompanying this Explanatory Statement is an Independent Expert's Report prepared by RSM Bird Cameron concluding that the proposed issue of Related Party Consideration to the non-associated is not Fair but Reasonable (refer Annexure 1).

2. RESOLUTION 2 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

This Resolution seeks the approval of Shareholders for the Company to change its name to JCurve Solutions Ltd.

If this Resolution is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if this Resolution is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the Transaction in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

3. RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

3.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

3.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

3.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote *on this Resolution*. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).

You ***do not*** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel***.

If you appoint any other person as your proxy

You ***do not*** need to direct your proxy how to vote on this Resolution, and you ***do not*** need to mark any further acknowledgement on the Proxy Form.

4. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve this Resolution, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 4.2 below).

The effect of this Resolution will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of this Resolution for it to be passed.

4.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately $5,732,722 as at the date of this Notice.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 1 class of Equity Securities on issue, being the Shares (ASX Code: STE).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

(i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;

(ii) plus the number of partly paid shares that became fully paid in the previous 12 months;

(iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and

(iv) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

4.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 4.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

(i) 12 months after the date of this Meeting; and

(ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(**10% Placement Capacity Period**).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If this Resolution is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A.2)	Dilution			
	Issue Price (per Share)	0.015 50% decrease in Issue Price	0.03 Issue Price	0.06 100% increase in Issue Price
262,506,299 (Current Variable A)	Shares issued - 10% voting dilution	26,250,630	26,250,630	26,250,630
	Funds raised	$393,760	$787,519	$1,575,038
393,759,449 (50% increase in Variable A)	Shares issued - 10% voting dilution	39,375,945	39,375,945	39,375,945
	Funds raised	$590,639	$1,181,278	$2,362,557
525,012,598 (100% increase in Variable A)	Shares issued - 10% voting dilution	52,501,260	52,501,260	52,501,260
	Funds raised	$787,519	$1,575,038	$3,150,076

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 262,506,299 Shares on issue comprising:
   (a) 191,077,728 existing Shares as at the date of this Notice of Meeting; and
   (b) 71,428,571 Shares which will be issued if Resolution 1 is passed at this Meeting.
2. The issue price set out above is the $0.03 closing price of the Shares on the ASX on 9 September 2013.

3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

(i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

(ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

(i) as cash consideration in which case the Company intends to use funds raised for as cash consideration in which case the Company intends to use funds raised for the improvement and upgrade of current software and other assets (including expenses associated with such upgrades), investment in new technology and general working capital; or

(ii) as non-cash consideration for upgrade of current software and investment, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

(v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval under ASX Listing Rule 7.1A at its 2012 Annual General Meeting held on 29 November 2012. In the 12 months following this prior approval, the Company has not issued any Shares or Options.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

(i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and

(ii) the information required by Listing Rule 3.10.5A for release to the market.

4.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this Resolution.

5. RESOLUTION 5 – RE-ELECTION OF DIRECTOR – GRAHAM BAILLIE

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that:

(a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;

(b) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;

(c) A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and

(d) In determining the number of Directors to retire, no account is to be taken of:

  (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or

  (ii) a Managing Director,

  each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 4 Directors and accordingly 1 must retire.

Graham Baillie, the Director longest in office since the last election, retires by rotation and seeks re-election.

6. RESOLUTION 6 – APPROVAL OF EMPLOYEE SHARE PLAN

This Resolution seeks Shareholders approval for the adoption of the employee incentive scheme titled Employee Share Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If this Resolution is passed, the Company will be able to issue Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company’s ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Shares have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Shares under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a non-recourse, interest free loan to be used for the purposes of subscribing for the Shares based on a price that will be not less than the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the date of acceptance of the offer.

Any future issues of Shares under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (Sarah Smith). Shareholders are invited to contact the Company if they have any queries or concerns.

GLOSSARY

$ means Australian dollars.

10% Placement Capacity has the meaning given in section 4.1 of the Explanatory Statement.

Annual General Meeting or Meeting means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business means the business of the JCurve as a going concern, being the software design and promotion business of the JCurve, including the right to promote the business software designed for small business by Netsuite pursuant to the Reseller Agreement and the Business Assets.

Business Assets means the following assets of the Business:

(a) the goodwill of the Business;

(b) the trade debtors of the Business as at the Settlement Date;

(c) the International Reseller Agreement;

(d) all rights to intellectual property pertaining to or created in the development of the product "JCurve GO Wizard and all other intellectual property;"

(e) all inventory items of merchantable quantity sold or used in the Business;

(f) the plant & equipment used in connection with the Business;

(g) all contracts of the Business;

(h) Business Records; and

(i) the business name of JCurve Solutions.

Business Records means all relevant books, files, reports, records, correspondence, documents, data, programs, software and other material (in whatever formed stored) owned by JCurve and used in connection with the Business pertaining to:

(a) copies of books of account relating to the Business;

(b) sales literature, market research reports, brochures and other promotional material;

(c) all sales and purchasing records;

(d) copies of all trading and financial records; and

(e) lists of all regular suppliers and customers.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependent of the member or the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(e) a company the member controls; or

(f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Stratatel Ltd (ACN 088 257 729).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

International Reseller Agreement means as defined in section 1.2 of the Explanatory Statement.

Independent Expert's Report means the report attached as Annexure 1.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Liabilities means the following liabilities of JCurve:

(a) accounts payable;

(b) superannuation payable;

(c) GST collected;

(d) PAYG liabilities;

(e) provision of annual leave to employees;

(f) provision commissions;

(g) accruals;

(h) partners commission;

(i) miscellaneous clearing account;

(j) all obligations under the contracts of the Business;

(k) all obligations under the Lease; and

(l) all obligations and liabilities of JCurve pursuant to the terms of the International Reseller Agreement.

For the avoidance of doubt, the Liabilities do not include the Loans, or apart from the Leave Entitlements, any liabilities and responsibilities of JCurve in respect of the employees which related to the period up until the Settlement Date. All liabilities and responsibilities of JCurve in respect of the employees which related to the period up until the Settlement Date shall continue to remain the responsibility of JCurve.

Lease means the lease of Part Level 1 (North Facing), 116-122 Kippax Street, Surry Hills between JCurve and Wilcsek Investments Pty Ltd.

Leave Entitlements means all leave entitlements of the employees of JCurve.

Loans mean:

(a) the overdraft facility between the Company and National Australia Bank; and

(b) the loan to the Company from Gramell Investments Pty Limited.

Meeting or Annual General Meeting means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option or Related Party Option as the context requires.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Related Party Consideration means as defined in 1.1(a).

Related Party Option means an Option granted to Graham Bailie pursuant to Resolution 1 on the terms and conditions set out in Schedule 1.

Related Party Share means a Share to Graham Baillie granted pursuant to Resolution 1.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2013.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Settlement Date means the date of settlement of the Transaction.

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

Shareholder means a holder of a Share.

Trading Day means as defined in the ASX Listing Rules.

Transaction means as defined in section 1.1 of the Explanatory Statement.

Variable A means "A" as set out in the calculation in section 4.2 of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Vesting Conditions and Expiry Date**

The vesting condition and expiry date of each Option will be as follows:

(i) 8,928,571 Options which automatically vest when the Share price reaches 7.5c (for a period of 10 consecutive Trading Days) (**Vesting Condition**) exercisable on or before 5.00pm (WST) on 31 March 2016 (**Expiry Date**) with an exercise price of $0.000001;

(ii) 8,928,571 Options which automatically vest when the Share price reaches 10c (for a period of 10 consecutive Trading Days) (**Vesting Condition**) on or before 5.00pm (WST) exercisable on 31 March 2017 (**Expiry Date**) with an exercise price of $0.000001;

(iii) 8,928,571 Options which automatically vest when the Share price reaches 15c (for a period of 10 consecutive Trading Days) (**Vesting Condition**) on or before 5.00pm (WST) exercisable on 31 March 2018 (**Expiry Date**) with an exercise price of $0.000001; and

(iv) 8,928,571 Options which vest automatically when the Share price reaches 15c (for a period of 10 consecutive Trading Days) (**Vesting Condition**) on or before 5.00pm (WST) exercisable on 31 March 2019 (**Expiry Date**) with an exercise price of $0.000001.

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The Options are exercisable at any time on or prior to the relevant Expiry Date (**Exercise Period**).

(d) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(f) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

(i) the Exercise Date; and

(ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

(iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (f)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(g) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(h) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder (including the vesting condition) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to Mr Baillie pursuant to Resolution 1 have been independently valued by RSM Bird Cameron.

Using the binomial option pricing model and based on the assumptions set out below, the Related Party Options were ascribed the following value range:

Assumptions:				
Valuation date	11 September 2013			
Market price of Shares	$0.03			
Exercise price	$0.000001			
Volatility	80%			
	1st Options	**2nd Options**	**3rd Options**	**4th Options**
Risk free rate	3.03%	3.03%	3.47%	3.47%
Expiry period (length of time from issue)	2.55 years	3.55 years	4.55 years	5.55 years
Vesting Price	$0.075	$0.10	$0.125	$0.15
Indicative value per Related Party Option	$0.02119	$0.02116	$0.02178	$0.02243
Value of Related Party Options	$189,196	$188,929	$194,464	$200,268

Note: The valuation ranges noted above are not necessarily the market prices that the Related Party Options could be traded at and they are not automatically the market prices for taxation purposes.

SCHEDULE 3 – SUMMARY OF EMPLOYEE SHARE PLAN

The key terms of the Employee Share Plan are as follows:

(a) **Eligibility**: Participants in the Scheme may be Directors, full-time and part-time employees of the Company or any of its subsidiaries (**Participants**).

(b) **Administration of Plan**: The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Shares under the Plan.

(c) **Offer:** The Board may issue an offer to a Participant to participate in the Plan. The offer:

  (i) will invite application for the number of Shares specified in the offer;

  (ii) will specify the issue price for the Shares or the manner in which the Issue Price is to be calculated;

  (iii) may invite applications for a loan up to the amount payable in respect of the Shares accepted by the Participant in accordance with the offer;

  (iv) will specify any restriction conditions applying to the Shares;

  (v) will specify an acceptance period; and

  (vi) specify any other terms and conditions attaching to the Shares.

(d) **Issue price:** the issue price of each Share will be not less the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the actual date of acceptance of the Shares offered under the Offer.

(e) **Restriction Conditions:** Shares may be subject to restriction conditions (such as a period of employment) which must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.

(f) **Loan:** A Participant who is invited to subscribe for Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted by the Participant (**Loan**), on the following terms:

  (i) the Loan will be interest free;

  (ii) the Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares;

  (iii) the Loan repayment date and the manner for making such payments shall be determined by the Board and set out in the offer;

  (iv) a Participant must repay the Loan in full by the loan repayment date but may elect to repay the Loan amount in respect of any or all of the Shares at any time prior to the loan repayment date;

  (v) the Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Plan;

(vi) a Loan will be non-recourse except against the Shares held by the Participant to which the Loan relates; and

(vii) the Board may, in its absolute discretion, agree to forgive a Loan made to a Participant.

(g) **Unfulfilled Restriction Condition:** Where a restriction condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the restriction condition is waived by the Board, either:

(i) buy back and cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act at a price equal to the cash consideration paid by the Participant for the Plan Shares (with any Loan not being treated as cash consideration but any Loan Amount repayments by the Participant being treated as cash consideration); or

(ii) arrange to sell the Shares as soon as reasonably practicable either on the ASX or to an investor who falls within an exemption under section 708 of the Corporations Act provided that the sale must be at a price that is no less than 80% of the volume weighted average price at which Shares were traded on the ASX on the 10 trading days before the sale date and apply the sale proceeds (**Sale Proceeds**) in the following priority:

(A) first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;

(B) second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant; and

(C) lastly, any remainder to the Company to cover its costs of managing the Plan.

(h) **Sale of Shares to repay Loan**:

(i) A Loan shall become repayable in full where:

(A) the Participant (or, where the Participant is an Associate of an Eligible Employee, the Eligible Employee) ceases to be an Eligible Employee for any reason (including death);

(B) the Participant suffers an event of insolvency;

(C) the Participant breaches any condition of the Loan or the Plan; or

(D) a Restriction Condition in relation to Shares subject to the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board (and is not waived).

(ii) Where a Loan becomes repayable and at that time a Restriction Condition in relation to Shares subject to the Loan is not satisfied, or is incapable of being satisfied in the opinion of the Board (and is not waived), the Shares must be sold and the Sale Proceeds applied to repay the Loan in accordance the Plan.

(iii) Where a Loan in relation to Shares becomes repayable and at that time Restriction Conditions in relation to the Shares have either been satisfied or are waived, the Company must give the Participant a 30 day period to repay the Loan, failing which the Company must sell the Shares and apply the Sale Proceeds in accordance with the Plan.

(i) **Power of Attorney:** The Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the sale of the Participant's Shares in accordance with the Plan.

(j) **Plan limit:** The Company must take reasonable steps to ensure that the number of Shares offered by the Company under the Plan when aggregated with:

(i) the number of Shares issued during the previous 5 years under the Plan (or any other employee share plan extended only to Eligible Employees); and

(ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).

(k) **Restriction on transfer:** Participants may not sell or otherwise deal with a Plan Share until the Loan Amount in respect of that Plan Share has been repaid and any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.

(l) **Quotation on ASX:** The Company will apply for each Plan Share to be admitted to trading on ASX upon issue of the Plan Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.

(m) **Rights attaching to Shares**: Each Plan Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

RSM Bird Cameron Corporate Pty Ltd

Stratatel Limited

Financial Services Guide and Independent Expert's Report

September 2013

We have concluded that the Transaction is Not Fair but Reasonable to Shareholders of Stratatel Limited.

RSM Bird Cameron Corporate Pty Ltd

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8 St Georges Terrace, Perth, WA 6000
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T +61 8 9261 9100 **F** +61 8 9261 9102
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Financial Services Guide

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

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

This FSG includes information about:

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

Financial services we are licensed to provide
We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  - (a) basic deposit products;
  - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

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

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

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

General Financial Product Advice

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

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

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

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

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

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

Associations and relationships

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

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

Complaints Resolution

Internal complaints resolution process

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

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

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (“FOS”). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details
You may contact us using the details set out at the top of our letterhead on page 1 of the FSG.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Independent Expert's Report

TABLE OF CONTENTS **Page**

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Direct Line: (08) 9261 9447
Email: andy.gilmour@rsmi.com.au

17 September 2013

The Shareholders
Stratatel Limited
Level 1
1254 Hay Street
WEST PERTH WA 6005

Dear Shareholders

Independent Expert's Report ("Report")

1. Introduction

1.1. This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to shareholders for a General Meeting of Stratatel Limited ("STE" or "the Company") to be held on or around 30 October 2013, at which, shareholder approval will be sought for Resolution 1 (below) relating to the proposed acquisition of 100% of the issued share capital of JCurve Solutions Pty Ltd ("JCurve") referred to throughout this Report as "the Proposed Transaction".

> ***RESOLUTION 1 – ACQUISITION OF A RELVANT INTEREST BY GRAHAM BAILLIE***
>
> *To consider and, if thought fit, to pass the following resolution as an ordinary resolution:*
>
> *"That, subject to the passing of all Resolutions, for the purposes of section 208 and item 7 of section 611 of the Corporations Act, ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for:*
>
> *(a) the Company to issue to Graham Baillie:*
>
> *(i) a total of 35,714,284 Options;*
>
> *(ii) a total of 71,428,571 Shares; and*
>
> *(iii) cash consideration of $1,000,000; and*
>
> *(b) the acquisition of a relevant interest in the issued voting shares of the Company by Graham Baillie in excess of the threshold prescribed by section 606(1) of the Corporations Act, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

1.2. The Directors of STE have requested that RSM Bird Cameron Corporate Pty Ltd ("RSMBCC"), being independent and qualified for the purpose, express an opinion as to whether Resolution 1 is fair and reasonable to shareholders not associate with the Proposed Transaction (the non-associated shareholder).

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

2. Summary and Conclusion

Opinion

2.1. In our opinion, and for the reasons set out in Sections 10 and 11 of this Report, the Proposed Transaction is **Not Fair but Reasonable** to the non-associated shareholders of STE.

Approach

2.2. In assessing whether the Proposed Transaction is fair and reasonable to the non-associated shareholders, we have considered Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 – Content of Expert Reports ("RG 111"), which provides specific guidance as to how an expert is to appraise transactions.

2.3. Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

2.4. Therefore we have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:

- The Fair Value of a share in STE on a control basis pre the Proposed Transaction; with
- The Fair Value of a share in STE on a non control basis immediately post completion of the Proposed Transaction,

and, considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

2.5. Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair and reasonable" is set out at Section 12 of this Report.

Fairness

2.6. The table below sets out a summary of our valuation of a share in STE pre the Proposed Transaction (control basis) and immediately post the Proposed Transaction (non control basis).

Assessment of fairness	Ref:	Value per Share Low	Value per Share High
Fair value of an STE share pre the Proposed Transaction - Control basis	Section 8	$0.046	$0.060
Fair value of an STE share post the Proposed Transaction - Non control basis	Section 9	$0.038	$0.049

Table 1: Assessed values of an STE share pre and post the Proposed Transaction *(Source: RSMBCC analysis)*

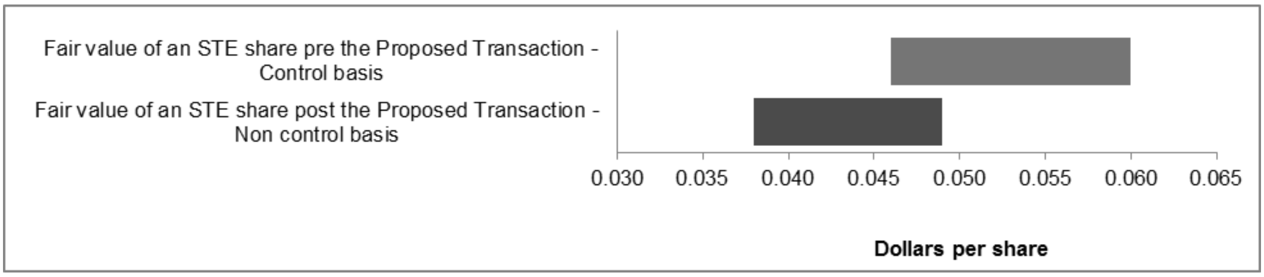

Figure 1: STE Share Valuation Graphical Representation (*Source: RSMBCC Analysis)*

2.7. We have assessed the fair value of a share in STE pre the Proposed Transaction to be in the range of $0.046 to $0.060 on a control basis.

2.8. We have assessed the fair value of a share in STE post the Proposed Transaction to be in the range of $0.038 to $0.049 on a non-controlling basis.

2.9. We have not included the effect of options granted as part of the Proposed Transaction as the Fair Value range does not exceed the lowest vesting hurdle of $0.075.

2.10. Whilst there is a minor overlap in value, the midpoint of our post Proposed Transaction value of an STE share does not fall within the range of values of an STE share prior to the Proposed Transaction. As such, we consider the Proposed Transaction to be **Not Fair** to the Non-Associated Shareholders of STE.

Reasonableness

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

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

Stated Intentions of Graham Baillie in relation to the Proposed Transaction

2.12. As stated in the Notice of Meeting, Graham Baillie:

- has no intention of making any significant changes to the Company's business, however, it is intended the Company will consider new opportunities as and when they may arise;
- does not intend to redeploy any fixed assets of the Company;
- does not have any present intention to inject further capital into the Company;
- does not intend to transfer any property between the Company or any person associated with it; and
- has no current intention to change the Company's existing policies in relation to financial matters;

Future Prospects of STE if the Proposed Transaction Does Not Proceed

2.13. If the Proposed Transaction does not proceed then STE will continue to market its existing products.

Advantages

2.14. The key advantages of the Proposed Transaction are:

- The minority interest values both pre and post the Proposed Transaction indicate shareholders with a current minority interest will not lose value;
- Non-Associated Shareholders will retain a 69% interest in STE.
- The acquisition of JCurve could attract additional investors for the following reasons:
  - The growth prospects for JCurve's products are greater than for STE's existing products;
  - The combined companies will result in a larger entity; and
  - Investors may be attracted to the focus on cloud based technology.
- Increased market interest could result in an increase in market capitalisation. Further, this may create increased interest from equity analysts and other market participants.
- JCurve has an experienced management team (including Graham Baillie) with strong technical experience and a proven track record of developing start up enterprises;
- JCurve provides a diversification in revenue streams and presents an opportunity to develop a number of commercial pathways as a result of the similarities in both companies target markets; and

Disadvantages

2.15. The key disadvantages of the Proposed Transaction are:

- Non Associated Shareholders will be diluted from 95% to 69%;
- Graham Baillie will hold a 31% interest in STE which means he could block special resolutions and could deter future takeover bids;

- JCurve's new Go product is yet to be presented to the market; and
- JCurve has not yet demonstrated a profitable track record.

2.16. We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of STE at this time.

2.17. In our opinion, the position of the Non-Associated Shareholders of STE if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **Reasonable** for the Non-Associated Shareholders of STE.

3. Scope of the Report

Corporations Act

3.1. Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company being equal to or greater than 20%. Completion of the Proposed Transaction will result in Mr Baillie having a 30.8% interest in STE on an undiluted basis.

3.2. Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the non-associated shareholders of the company.

3.3. In addition, ASX Listing Rule 10.1 prohibits the Company from acquiring a substantial asset from, or disposing of a substantial asset to, (amongst other persons) a related party or any of its associates without the approval of shareholders.

3.4. By virtue of the fact that Mr Baillie is a director of both STE and JCurve, the directors consider Mr Baillie to be a related party within the definition contained in the Listing Rules.

3.5. An asset is a substantial asset if its value or the value of the consideration for it is 5% or more of the equity interests of the company as set out in its latest accounts given to the ASX. JCurve is valued at more than 5% of the equity interests of the Company as set out in its latest financial statements lodged with the ASX. The acquisition of JCurve, therefore, represents the acquisition of a substantial asset within the meaning of ASX Listing Rule 10.2.

3.6. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for Resolution 1 under Item 7 of Section 611 of the Act and in accordance with Listing Rule 10.1.

3.7. Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. Furthermore, where ASX Listing Rule 10.1 approval is sought, shareholders must be presented with a report on the transaction from an independent expert which states whether the transaction is fair and reasonable to the Non-Associated Shareholders. ASIC RG 111 advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

Regulatory guidance

3.8. In determining whether the Proposed Transaction is "fair and reasonable" we have given regard to the views expressed by ASIC in RG 111.

3.9. RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

3.10. RG 111 states that the expert report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

3.11. Where an issue of shares by a company otherwise prohibited under section 606 is approved under Item 7 of Section 611 and the effect on the company shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

3.12. RG 111 applies the "fair and reasonable" test as two distinct criteria in the circumstance of a takeover offer, stating:

- A takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and

- A takeover offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer.

3.13. Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is "fair and reasonable" to the Non-Associated Shareholders, the analysis undertaken is as follows:

- A comparison of the Fair Value of an ordinary share in STE prior to (on a control basis) and immediately following (on a non control basis) the Proposed Transaction, being the 'consideration' for the Non-Associated Shareholders – fairness; and

- A review of other significant factors which the Non-Associated Shareholders might consider prior to approving the Proposed Transaction – reasonableness.

3.14. In particular, we have considered the advantages and disadvantages of the Proposed Transaction in the event that it proceeds or does not proceed including:

- The future prospects of the Company if the Proposed Transaction does not proceed; and

- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

4. Summary of Transaction

Overview

4.1. STE intends to acquire the business and certain assets and liabilities of JCurve.

4.2. The purchase consideration offered by STE comprises the following:-

- $1 million in cash;
- 71,428,571 ordinary shares in STE; and
- share options in STE ("Incentive Options").

4.3. The Incentive Options are to be issued under the following milestones and terms:

- 8,928,571 options which automatically vest when STE's share price reaches $0.075 for a period of 10 consecutive days, on or before 31 March 2016;
- 8,928,571 options which automatically vest when STE's share price reaches $0.10 for a period of 10 consecutive days, on or before 31 March 2017;
- 8,928,571 options which automatically vest when STE's share price reaches $0.125 for a period of 10 consecutive days, on or before 31 March 2018; and
- 8,928,571 options which automatically vest when STE's share price reaches $0.15 for a period of 10 consecutive days, on or before 31 March 2019.

4.4. STE is an Australian company listed on the Australian Securities Exchange ("ASX") which offers specialised business to business software solutions and services. STE has approximately 191,077,728 ordinary shares on issue and a market capitalisation of circa $6.7 million at the date of this report.

Key conditions of the Proposed Transaction

4.5. Implementation of the Proposed Transaction is subject to the following Conditions Precedent being satisfied:

- STE completing due diligence investigations on JCurve and those due diligence investigations not identifying any matter or issue which in STE's opinion (determined in its absolute discretion) is reason not to proceed with the sale and purchase of the JCurve;
- Shareholders approving a change in name to JCurve Solutions Ltd;
- JCurve doing all that is necessary to ensure that STE may trade under the name "JCurve Solutions" in respect of the Business;
- NetSuite extending the term of the International Reseller Agreement with JCurve;
- Completion of an Independent Expert Report ("IER") for the purposes of Section 611 of the Corporations Act, ASX Listing Rule 10.1 and any other purpose; and
- The parties obtaining any necessary approvals and consents as required for the Proposed Transaction.

Rationale for the Proposed Transaction

4.6. The Directors of STE believe that the acquisition of JCurve provides the Non-Associated Shareholders with the opportunity to be involved in a company that:

- holds a NetSuite Inc. Reseller Agreement for Australia;
- provides an additional revenue stream through cloud software products;
- has a cloud technology focus which may attract additional investors;
- holds a centralised product development unit;
- has an opportunity to develop a number of commercial pathways in order to provide value to all shareholders; and
- has an experienced management team with strong technical experience and know-how with a proven record of developing start up enterprises.

4.7. The Proposed Transaction will add a product with proven growth potential to the existing portfolio of mature product offerings.

Impact of Proposed Transaction on STE's Capital Structure

4.8. Prior to the Proposed Transaction STE has 191,077,728 ordinary shares on issue. As at 31 August 2013 Mr Baillie (through Gramell Investments Pty Ltd) held 9,890,907 ordinary shares in STE (4.98%).

4.9. STE also has 300,000 options on issue with an exercise price of $0.15 and an expiry date of 17 October 2013.

4.10. The table below sets out a summary of the capital structure of STE post the Proposed Transaction and the maximum interest in STE which will be held beneficially by Mr Baillie.

	Non Associated Shareholders		Graham Baillie		Total	
Ordinary Shares on issue prior to the Proposed Transaction	**181,486,821**	**95%**	**9,890,907**	**5%**	**191,377,728**	**100%**
Proposed Transaction Consideration:						
Shares	-		71,428,571		71,428,571	
Total Shares on issue post Proposed Transaction	**181,486,821**	**69%**	**81,319,478**	**31%**	**262,806,299**	**100%**
Option on issue	300,000		-		300,000	
Proposed Transaction Consideration:						
Incentive Options	-		35,714,284		35,714,284	
Fully diluted post Proposed Transaction	**181,786,821**	**61%**	**117,033,762**	**39%**	**298,820,583**	**100%**

Table 2: Share structure of STE before and after the Proposed Transaction

5. Profile of STE

Overview

5.1. STE was founded in 1997 and is an Australian publicly listed company that offers clients specialised business-to-business software solutions and services and has over 1,500 clients throughout Australia and internationally.

5.2. STE has offices in Perth and Sydney, with approximately 40 employees. STE's clients are a mix of corporate entities, small to medium sized businesses ("SMB"), educational institutions and government agencies.

Principal activities

5.3. STE is principally engaged in the development and marketing of asset management and cost reduction systems.

5.4. STE developed its flagship software solution, Fleetmanager® to provide organisations with a way to monitor and manage their telecommunications.

5.5. Solutions provided by STE include Telecommunications Expense Management (TEM) and Services & Consulting (S&C).

5.6. TEM solutions manage a company's mobile phones, fixed line, data, public automated branch exchange ("PABX") and internet protocol ("IP") call record.

5.7. STE provides a number of services in relation to S&C solutions, including:

- Cloud applications development, support and hosting services;
- Web services: converting legacy applications into web applications;
- Software development; and
- Onsite and virtual support from IT consultants.

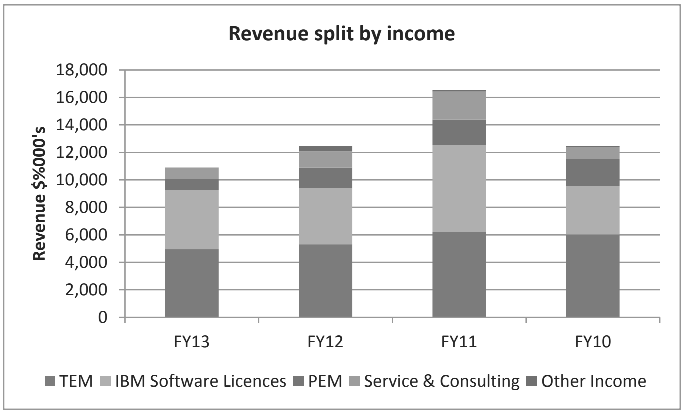

Figure 2: STE revenue split by type (Source: FY13, FY12, FY11 and FY10 Financial Report)

5.8. STE generates its key income from the following sources:

- **Telecommunication Expense Management (TEM) –** This represents STE's largest income stream accounting for approximately 43% of total revenue in FY12 and represents service income derived from automating and managing telecommunications assets and related expenditure.

- **Software licensing –** Software licensing predominantly relates to maintenance renewals of IBM software licences in providing the TEM service. Software licencing historically equates for approximately 33% of STES's revenue.
- **Print Expense Management (PEM) –** PEM solutions allow organisations to track, analyse, allocate, and/or recover cost of every printed and copied document. The PEM Division was sold to Recovery Solutions Pty Ltd in December 2012. The PEM Division has historically accounted for approximately 12% of STE's revenue.
- **Service and Consulting –** Service and Consulting historically represents approximately 12% of STE's revenue. These services typically relate to cloud solutions, web services, software development and onsite, and virtual support.

History

5.9. An overview of the Company's history is provided in the table below:

Date	Milestone
1997	➢ STE was founded by Michael Fairclough.
Dec 2000	➢ STE listed on the Australian Securities Exchange on 8 December 2000.
Mar 2002	➢ STE raised $1.3 million to fund sales & marketing, product development and to provide additional working capital.
Apr 2003	➢ STE raised $0.4 million to expand sales & marketing activities.
Dec 2003	➢ STE raised $0.4 million to provide additional working capital.
Feb 2006	➢ STE acquired eFleet for $108,000.
Mar 2006	➢ STE raised $1.5 million to fund expanded sales & marketing ventures in the UK.
Dec 2006	➢ STE acquired Vircom for $170,000.
May 2007	➢ STE acquired Softlog Systems for $1.5 million.
May 2008	➢ STE raised $2.2 million to acquire Phoneware.
Oct 2009	➢ STE raised $1.2 million to acquire Resource Systems and provide working capital.
Sep 2010	➢ STE acquired Innesys for $80,000.
Oct 2010	➢ STE acquired Collaborative and Elk Consultants for $50,000 and $60,000 respectively.
Dec 2011	➢ STE raised $1.2 million to fund the Fleetmanager Redevelopment and a joint venture in South Africa.
Dec 2012	➢ STE divested its Print Expense Management business to Recovery Australia Solutions Pty Ltd for a cash consideration of $227,000.

Table 3: STE history *(Source: ASX announcements)*

Directors and management

5.10. The directors and key management of STE are summarised in the table below.

Name	Title	Experience
Graham Baillie	Non-Executive Chairman	Mr Baillie joined the Company in September 2007 as a non-executive Director. Mr Baillie is currently majority shareholder and executive chairman of JCurve Solutions Pty Ltd, which has developed and recently launched software for small business, branded JCurve, into the Australian & NZ markets.
Ian Alexander Macliver	Non-Executive Director	Mr Macliver joined the Company in July 2000. He also is a member of the company's Audit Committee. Mr Macliver is the Managing Director of Grange Consulting Pty Ltd, a firm that provides specialist corporate advisory services to both listed and unlisted companies.
Michael James Fairclough	Non-Executive Director	Mr Fairclough founded the Company in 1997 and has been actively involved in the communications and technology industry throughout Australia for over 15 years. Mr Fairclough currently serves in a non-executive director capacity.
John Bond	Non-Executive Director	Mr Bond has been a director of Primewest Management Limited since 2000. Primewest is a commercial property syndication business with assets under management of $1.3 billion located in all mainland states. His background spans law, investment banking as well as property investment and development. He has over 20 years' experience in negotiating acquisitions, overseeing the development of properties and asset management.
Sarah Smith	Company Secretary	Ms Smith was appointed Company Secretary on 1 September 2011. Ms Smith provides corporate advisory and financial management services to clients of Grange Consulting. She is a chartered accountant specialising in corporate compliance, statutory reporting and financial accounting services for listed companies.

Table 4: STE Directors and Company Secretary *(Source: Company website)*

Financial Performance

5.11. The following table sets out a summary of the financial performance of STE for the years ended 30 June 2011 ("FY11"), 30 June 2012 ("FY12") and 30 June 2013 ("FY13").

$000's	Ref:	FY13 Audited	FY12 Audited	FY11 Audited
Revenue	5.12	10,140	12,454	16,558
Cost of Goods Sold		(3,205)	(4,213)	(6,710)
Gross Margin		6,935	8,241	9,847
Employee benefits expense		(3,150)	(4,978)	(5,696)
Other employee related expense		(476)	(728)	(868)
Communication expense		(232)	(243)	(222)
Advertising and marketing		(49)	(137)	(197)
Professional fees		(1,036)	(976)	(859)
Occupation expense		(455)	(718)	(592)
Listing expense		(29)	(32)	(39)
Other expenses		(361)	(377)	(305)
Total Expenses		(5,788)	(8,189)	(8,779)
EBITDA		**1,147**	**52**	**1,068**
Depreciation and amortisation expense		(989)	(608)	(767)
EBIT		**158**	**(556)**	**301**
Finance costs		(7)	(14)	(6)
Impairment expense		(2,551)	(2,003)	-
NPBT	5.12	**(2,400)**	**(2,573)**	**296**
Income tax		(137)	564	(122)
NPAT		**(2,537)**	**(2,009)**	**173**

Table 5: Financial Performance *(Source: STE Financial Statements)*

5.12. We note the following in relation to STE's financial performance:

- STE generated a net loss before tax of approximately $2.4 million in FY13 and $2.6 million in FY12. The loss is primarily a result of the recognition of an impairment charge in relation to goodwill.
- The Company's revenue has decreased from a high of $16.6 million in FY11 to $10.1 million in FY13.
- The decrease in EBITDA in FY12 was largely due to difficult market conditions affecting new business and business renewal. The Company also underwent a restructure during FY12 which resulted in a number of unexpected restructuring costs.

Financial Position

5.13. The table below sets out a summary of the financial position of STE for the years ended 30 June 2011 ("FY11"), 30 June 2012 ("FY12") and 30 June 2013 ("FY13").

$000's	Ref:	FY13 Audited	FY12 Audited	FY11 Audited
Cash and cash equivalents	5.14	3,607	2,571	1,280
Trade and other receivables		2,118	2,748	4,095
Inventory		-	23	40
Other current assets		48	64	93
Total Current assets		**5,773**	**5,405**	**5,507**
Property, plant and equipment		92	147	188
Development		-	894	2,222
Intangible assets	5.15	875	4,072	4,877
Other receivables		-	-	11
Other financial assets		99	168	163
Deferred tax asset		335	705	379
Total Non-Current assets		**1,401**	**5,986**	**7,840**
Total assets		**7,174**	**11,391**	**13,347**
Trade and other payables		2,750	3,861	4,476
Current tax liabilities		10	1	9
Provisions		43	-	82
Total Current Liabilities		**2,802**	**3,862**	**4,568**
Provisions		92	129	180
Deferred tax liability		-	-	238
Total Non-Current Liabilities		**92**	**129**	**417**
Total Liabilities		**2,894**	**3,990**	**4,985**
Net Assets		**4,280**	**7,401**	**8,362**

Table 6: Financial Performance ***(Source: STE Financial Statements)***

5.14. As at 30 June 2013, the Company had cash and cash equivalents of approximately $3.6 million, a net current assets balance (current assets less current liabilities) of approximately of $3.0 million and net assets of $4.3 million.

5.15. STE impaired or amortised a number of its intangible and development assets during FY13 and FY12. Fleetmanager and Phoneware are the only product offerings to retain value on the balance sheet.

Capital Structure

5.16. STE has 191,077,728 ordinary shares on issue and 300,000 unlisted employee options on issue (with an exercise price of $0.15 and an expiry date of 17 October 2013).

5.17. The Top 20 shareholders of STE hold circa 66% of the issued share capital of the Company as summarised in the table below.

	Shareholder	Number of shares	% of total shares
1	Mr Mark Christopher Jobling	34,841,305	18.23
2	Moutier Pty Ltd	16,542,111	8.66
3	Mr Michael James Fairclough <The Fairclough Family A/C>	10,316,369	5.40
4	Topsfield Pty Ltd	10,000,000	5.23
5	Gramell Investments Pty Limited <Superannuation Fund A/C>	9,510,907	4.98
6	T T Nicholls Pty Ltd <Superannuation Account>	6,067,012	3.18
7	Mrs Emma Jane Gracey	3,870,000	2.03
8	Cornela Pty Ltd <Ian Macliver Super Fund A/C>	3,624,962	1.90
9	Mr Michael Frank Manford <Atlo Super Fund A/C>	3,347,012	1.75
10	Mr David Schwartz <David Schwartz Fam Hlds A/C>	3,007,783	1.57
11	Mr Peter Graham Doran + Mrs Barbara Linda Doran <Doran & Sons Family A/C>	2,871,973	1.50
12	Future Super Pty Ltd <Jws Super Fund A/C>	2,700,000	1.41
13	Brecon Investments Pty Ltd <Brecon Super Fund A/C>	2,659,734	1.39
14	Topsfield Pty Ltd	2,656,370	1.39
15	Patel Family Superannuation Pty Ltd <Patel Family Super Fund A/C>	2,619,091	1.37
16	Mast Financial Pty Ltd <A To Z Investment A/C>	2,500,000	1.31
17	Deponent Services Pty Ltd <Lambert Super Fund A/C>	2,400,000	1.26
18	Jasper Hill Resources Pty Ltd <Superannuation Account>	2,000,000	1.05
19	Two Tops Pty Ltd	2,000,000	1.05
20	Glen Alpone Pty Ltd <Hiley S/F A/C>	1,970,710	1.03
	Total Top 20 Shareholders	**125,505,339**	65.68
	Remainder	**65,572,389**	34.32
	Total STE Shareholders	**191,077,728**	

Table 7: STE Top 20 shareholders *(Source: ASX data dated 4 September 2013)*

Share price performance

5.18. The figure below sets out a summary of STE's closing share prices and traded volumes for the period November 2012 to 13 September 2013, being the last trading day prior to the completion of the report.

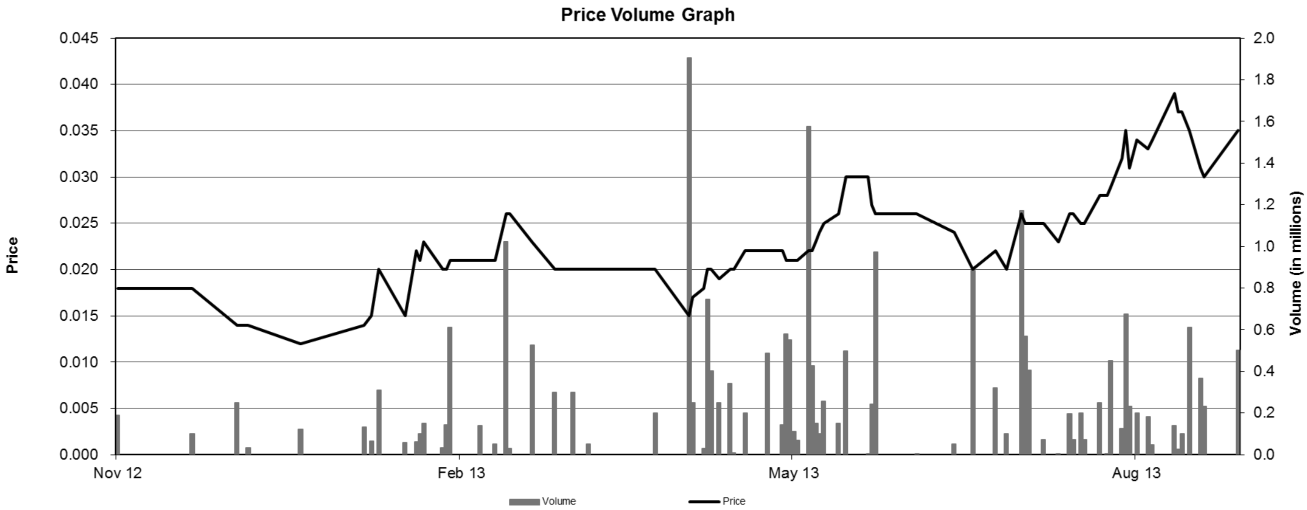

Figure 3: STE Daily Closing Share Price and Traded Volumes (Source: ASX/S&P Capital IQ)

5.19. Over the trading period prior to the announcement of the Proposed Transaction, STE shares have traded in a range from a low of $0.012 in January 2013 to a high of $0.039 in August 2013.

5.20. STE's share price closed at $0.035 on 13 September 2013, the day prior to the announcement of the Proposed Transaction.

5.21. Volumes traded in STE shares have been thin, with numerous days where no shares were traded.

5.22. Further information on the price and volume at which the Company's shares have traded pre and post the announcement of the Proposed Transaction is set out in Paragraphs 8.27 to 8.31 of this Report.

6. Profile of JCurve

History and Corporate Structure

6.1. JCurve was established in 2009 by Mr Baillie.

6.2. JCurve's primary business is the sale of cloud based business management software to small and medium sized businesses in Australia and New Zealand under an exclusive licence with NetSuite Inc. ("NetSuite"), a company incorporated in the United States of America.

6.3. The issued capital of JCurve consists of two fully paid ordinary shares which are held by Gramell Investments Pty Ltd (an entity owned by Mr Baillie).

6.4. JCurve's head office is located in Sydney.

Principal activities

6.5. JCurve offers an integrated solution providing Accounting Enterprise Resource Planning ("ERP"), Customer Relationship Management and E-Commerce functionality. JCurve's clients access the product on a subscription model, paying an annual fee determined by the number of users and level of functionality required.

6.6. In April 2009, JCurve procured a licence for $2.1 million and acquired training materials for $700,000 from NetSuite to exclusively promote a small business version of NetSuite's cloud business software in the Asia Pacific region, under JCurve's own brand. The rationale behind the transaction included:

- Recognition of the increasing momentum of cloud computing in the small business environment;
- Small businesses lacking access to integrated software ERP solutions;
- Alignment with NetSuite Inc, considered to be a global leader in the provision of integrated ERP business software solutions in the cloud;
- The annual recurring licence fees that accompany cloud computing software sales, generating increasing annuity revenue streams in future years.

6.7. In addition, JCurve is a non-exclusive reseller of NetSuite's offerings to larger clients.

6.8. Under the licencing agreement, NetSuite is obligated to forward any sales leads it generates on companies with 10 users or less to JCurve.

6.9. Since 2009, JCurve has grown its customer base to circa 500 users in Australia and New Zealand. The Company added approximately 250 users in FY13.

6.10. JCurve is currently developing an improved entry level product (the GO product) that it anticipates will improve the ease of switching to its product.

Financial Performance

6.11. The following table sets out a summary of the financial performance of JCurve for the years ended 30 June 2011 (FY11), 30 June 2012 (FY12) and 30 June 2013 (FY13).

$000's	Ref:	FY13 Unaudited	FY12 Unaudited	FY11 Unaudited
Revenue	6.12	1,553	2,918	2,049
Cost of Goods Sold		1,042	1,503	1,156
Gross Margin		**511**	**1,415**	**893**
Staffing	6.17	769	1,012	634
Marketing		47	413	158
Facilities		100	144	78
Product Development	6.14	504	-	-
Professional Fees	6.15	161	58	30
Travel & Entertainment		92	58	50
Total Expenses		1,673	1,684	951
EBITDA		**(1,162)**	**(269)**	**(57)**
Other income/expenses		80	19	371
EBIT		**(1,242)**	**(288)**	**(428)**
Finance & Admin costs		48	42	33
NPBT		**(1,290)**	**(330)**	**(461)**

Table 8: Financial Performance ***(Source: JCurve financial statements)***

6.12. The decline in revenue and cost of goods sold from FY12 to FY13 is due to a change in accounting treatment. Prior to FY13, the full revenue and cost of goods sold of a one year contract was recognised when a contract was signed but in FY13 JCurve changed to an accruals basis of revenue and cost of goods sold recognition in accordance with accounting standards. However, only the closing balance at 30 June 2013 has been adjusted for deferred revenue. Therefore, revenue in FY13 is understated and revenue in FY12 is overstated. We have not been provided with information to enable us to restate revenue for FY12 and FY13.

6.13. Staffing costs have reduced from FY12 to FY13 as a result of the reclassification of certain staffing costs to product development.

6.14. JCurve has expensed product development of $504,000 in FY13. This relates to the creation of an installation wizard, upgrading the free trial subscription service and improvements made to JCurve's GO product.

6.15. The increase in professional fees for FY13 is also related to product development as JCurve engaged a number of professionals to assist in the implementation of the development phase.

6.16. For illustrative purposes, we have adjusted the results for FY13 so that they are presented on a consistent basis to prior years. We note that this is for illustrative purposes only and our assessment of the value of JCurve as set out in Section 9 has been based on the accrual accounting policies adopted for FY13 and FY14.

$000's	Ref:	FY13 Unaudited Restated	FY12 Unaudited	FY11 Unaudited
Revenue	6.17	3,107	2,918	2,049
Cost of Goods Sold	6.18	1,610	1,503	1,156
Gross Margin		**1,497**	**1,415**	**893**
Staffing		769	1,012	634
Marketing		47	413	158
Facilities		100	144	78
Product Development		504	-	-
Professional Fees		161	58	30
Travel & Entertainment		92	58	50
Total Expenses		1,673	1,684	951
EBITDA		**(176)**	**(269)**	**(57)**
Other income/expenses		80	19	371
EBIT		**(256)**	**(288)**	**(428)**
Finance & Admin costs		48	42	33
NPBT		**(304)**	**(330)**	**(461)**

Table 9: Restated Financial Performance ***(Source: JCurve financial statements)***

6.17. Revenue has increased by the deferred revenue of $1.555 million included in the balance sheet under current liabilities.

6.18. Cost of goods sold has increased by the value of deferred expenditure of approximately $560,000 included in the balance sheet under other current assets

Financial Position

6.19. The table below sets out a summary of the financial position of JCurve as at 30 June 2012 and 30 June 2013.

$000's	Ref:	30 June 2013 Unaudited	30 June 2012 Unaudited
Cash and cash equivalents	6.20	(196)	67
Trade and other receivables		157	375
Other	6.21	617	-
Total Current assets		**578**	**442**
Property, plant and equipment		28	19
Intangible assets - License Agreement	6.22	1,212	1,012
Intangible assets - Training Materials	6.22	700	700
R&D Tax Credit		178	279
Legal		16	16
Total Non-Current assets		**2,134**	**2,026**
Total assets		**2,712**	**2,468**
Trade and other payables		600	690
Deferred revenue	6.23	1,555	-
Other		113	77
Total Current Liabilities		**2,268**	**767**
Loan	6.24	3,197	3,165
Total Non-Current Liabilities		**3,197**	**3,165**
Total Liabilities		**5,465**	**3,932**
Net Assets		**(2,753)**	**(1,464)**

Table 10: Financial Position ***(Source: JCurve Financial Statements)***

6.20. At 30 June 2013, JCurve disclosed a bank overdraft of $196,000. The bank overdraft will not be acquired by STE.

6.21. The majority of other current assets consists of adjustments related to the recognition of costs against the deferred revenue noted in paragraph 6.30.

6.22. The licence agreement and training materials relate to the consideration paid to NetSuite for the Licence Agreement and Training Materials.

6.23. Deferred revenue reflects income from product sales that will be recognised during FY14. The significant movement from nil is due to a change in accounting treatment. Prior to FY13, deferred revenue was recognised on a cash basis but in FY13 JCurve changed to an accruals basis of revenue recognition in accordance with accounting standards.

6.24. The loan of $3.2 million is payable to Graham Baillie and will not be included as part of the acquisition of JCurve. Excluding the loan from the balance sheet results in an improvement to the net asset position to approximately $450,000.

7. Valuation Approach

Valuation methodologies

7.1. In assessing the Fair Value of an ordinary STE share on a control basis, we have considered a range of valuation methodologies. ASIC RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings ("FME") or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted market price for listed securities, when there is a liquid and active market; and
- any recent genuine offers received by the target for the entire business.

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

Market Based Methods

7.3. Market based methods estimate the fair value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:

- The quoted price for listed securities;
- Capitalisation of maintainable earnings; and
- Industry specific methods.

7.4. The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid, and active market.

7.5. The capitalisation of earnings methodology estimates the Fair Value of a business as being the product of a company's FME multiplied by an appropriate earnings multiple. The methodology is commonly applied where earnings are stable and a FME stream can be established with a degree of confidence. Capitalisation multiples can be applied to either estimates of future maintainable operating cash flows, EBITDA, EBIT or net profit after tax. The earnings from any non-trading surplus assets are excluded from the estimate of FME and the value of such assets is separately added to the value of the business in order to derive the total value of the company. The appropriate multiple to be applied is usually derived from an analysis of stock market trading multiples of comparable companies (which do not include a control premium) and the implied multiples paid in merger and acquisition transactions (which include a control premium).

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

Discounted cash flow

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

Asset based methods

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

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

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

7.10. The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.

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

Selection of Valuation Methodologies

Pre the Proposed Transaction (control basis)

7.12. In assessing the Fair Value of STE on a standalone basis and an STE share we have selected the following market based valuation methodologies:

- Capitalisation of earnings – primary methodology; and
- Quoted price of listed securities – secondary methodology.

Post the Proposed Transaction (non control basis)

7.13. In assessing the Fair Value of STE and JCurve (the "Combined Group") we have selected the capitalisation of earnings market based methodology. The capitalisation of earnings multiple is applied to normalised EBITDA. EBITDA is adjusted to reflect any expected synergies to arrive at the Fair Value of the Combined Group.

7.14. With regard to the Incentive Options we only consider the dilutionary impact if the specified performance hurdles are less than our assessment of the Fair Value of an STE share. As the Incentive Options only vest if the STE share price is at least $0.075, we have not included the dilutionary impact of the Incentive Options.

Justification of approach

7.15. We consider the FME and Quoted Market Price are the most appropriate methodologies for the following reasons:

STE

- STE has shown a reasonably consistent pattern of positive historical earnings (excluding impairment adjustments) which is expected to continue into the future;
- There is an adequate number of publicly listed companies with operations sufficiently similar to STE to provide meaningful analysis;
- The Company only prepares annual budgets and consequently there are no long term cash flow projections available which we regard as sufficiently robust to enable a DCF valuation to be undertaken;
- STE's securities are listed on the ASX, which provides an indication of the market value where an observable market for the securities exists; and

JCurve

- JCurve has historically been loss making although the FY14 budget indicates that JCurve anticipates a positive EBITDA;
- We have reviewed JCurve's FY14 estimate of EBITDA. The revenue included in JCurve's FY14 budget is supported by the level of recurring revenue at 31 July 2013 and the securing of a channel partner, realising approximately $400,000 in new annual contract value ($200,000 recognised in FY14).
- We have not considered the DCF methodology as we do not consider there is a reasonable basis for cash flows forecast beyond FY14.

8. Valuation of STE (standalone basis) on a controlling interest basis

8.1. We have assessed the Fair Value of STE on a control basis using the capitalisation of FME methodology as our primary methodology (refer to Section 7) and the quoted market price methodology as our secondary methodology.

Capitalisation of future maintainable earnings (primary method)

8.2. We have assessed the Fair Value of 100% of STE on a standalone basis, with a premium for control, to be in the range of approximately $8.7 million to $11.5 million and the Fair Value of an STE share to be in the range of $0.046 to $0.060, based on the capitalisation of FME methodology, as summarised in the table below.

STE - Standalone Basis	Ref:	Valuation Range Low	High
Maintainable EBITDA - $000's	8.5 - 8.9	1,000	1,200
Assessed Multiple (non controlling basis)	8.11 - 8.17	4.0	5.0
Enterprise Value $000's		**4,000**	**6,000**
Plus: Surplus assets - $000's	8.18	-	-
Plus: Net Cash - $000's	8.19	3,600	3,600
Equity value (non controlling basis) - $000's		**7,600**	**9,600**
Control Premium	8.20 - 8.25	15%	20%
Equity Value on a control basis - $000's		**8,740**	**11,520**
Number of share on issue - 000's		191,078	191,078
Fair Value of an STE share (control basis) - cents		**4.6**	**6.0**

Table 11: Assessed Fair Value of STE (standalone basis) – *(Source: RSMBCC Analysis)*

Key assumptions

8.3. The capitalisation of earnings methodology estimates the Fair Value of the equity of a company by capitalising the future earnings of the underlying business at an appropriate multiple, which reflects the underlying risk profile and growth prospects of the business, adding the Fair Value of any surplus or non-operating assets, deducting net debt and applying a premium for control where necessary. Accordingly, valuing STE, on a control basis using the capitalisation of FME methodology requires the determination of the following variables:

- future maintainable earnings;
- an appropriate capitalisation multiple;
- the current level of net debt;
- the value of surplus assets; and
- an appropriate premium for control.

8.4. Our considerations with regard to each of these factors are presented below.

Future maintainable earnings

8.5. We have chosen EBITDA as an appropriate measure of future maintainable earnings in our valuation of STE because multiples based on EBITDA are less sensitive to different financing structures, depreciation, impairment and amortisation accounting policies and effective tax rates than multiples based on other earnings measures such as EBIT or NPAT, allowing a better comparison with earnings multiples of other companies and those implied in recent transactions.

8.6. In assessing the future maintainable earning, we have had regard to the audited historical results for FY12 and FY13 and the forecast results for FY14. We do not consider FY12 to be reflective of future maintainable earnings because the Company experienced difficult trading conditions which materially impacted the performance of each of STE's operating divisions. In our opinion, FY13 is more reflective of underlying earnings in a more stable market environment.

	Ref	FY14 Forecast	FY13 Actual	FY12 Actual
Reported EBITDA before discontinued operations	5.11	1,412	1,147	52
JCurve acquisition costs included in budget	8.7	100	-	-
Restructuring costs/adjustments	8.8	181	-	97
Net normalisation adjustments		281	-	97
Normalised EBITDA		**1,693**	**1,147**	**149**

Table 12: Normalised EBITDA of STE (standalone basis) used to calculate equity value *(Source: RSMBCC Analysis)*

Normalisation adjustments

8.7. STE has included $100,000 in costs related to the acquisition of JCurve in the budget for FY14. We consider these costs to be one off costs and have therefore added these costs back to the FY14 EBITDA.

8.8. FY14 will see the migration of customers mostly onto one platform and reflects the potential efficiencies and focus on the Fleetmanager software that management anticipate following the recent restructure. We have removed these related costs included in the FY14 estimate as we do not consider these to be ongoing costs.

Future maintainable earnings

8.9. Based on the above and having regard to the Company's recent historical financial performance, we consider an EBITDA range of between $1.0 million and $1.2 million to be a reasonable reflection of future maintainable earnings.

8.10. In selecting our EBITDA range, we have placed a greater reliance on the FY13 result as this is more consistent with previous results. The Company has a history of declining revenue and offers a mature, low growth product.

Capitalisation multiple

8.11. In selecting an appropriate capitalisation multiple to value STE we have considered:

- the trading multiples of equities of companies which are listed on the ASX whose operations are the same or comparable to STE; and
- prices achieved in mergers and acquisition of companies who are comparable to STE.

Market trading multiples

8.12. The table below sets out a summary of the historical and forecast EBITDA multiples of entities listed on the ASX whose operations and activities are comparable to those of STE. Brief descriptions of each of the comparable companies are set out at Appendix 4.

Company	Market Capitalisation $M	Enterprise Value $M	EBDITA Multiple FY12 Historic x	FY13 Historic x	FY14 Estimate x
Small to mid cap companies (mkt cap >$50m)					
Reckon Ltd.	278	287	10.5	7.7	6.9
Data#3 Ltd.	186	103	5.1	5.9	5.5
Hansen Technologies Ltd.	182	172	12.1	9.1	8.5
Objective Corporation Limited	53	35	12.8	7.5	-
Mean			**10.1**	**7.5**	**7.0**
Median			**11.3**	**7.6**	**6.9**
ASX listed micro cap companies (mkt cap <$50m)					
PRO Medicus Ltd.	47	29	40.3	11.0	-
Ecosave Holdings Limited	44	39	15.4	19.8	-
Praemium Limited	35	24	(16.5)	49.6	-
Prophecy International Holdings Ltd.	28	25	16.8	13.6	-
Mobile Embrace Limited	24	24	35.1	22.7	-
e-pay Asia Limited	20	22	6.3	5.0	-
CPT Global Limited	15	13	24.1	12.6	-
Techniche Ltd.	13	9	41.7	6.4	-
MGM Wireless Limited	11	9	13.7	6.5	-
DataDot Technology Limited	11	10	(6.9)	28.1	-
Facilitate Digital Holdings Limited	5	3	5.7	2.9	-
AdEffective Limited	4	3	(16.3)	61.1	-
Byte Power Group Limited	2	3	(3.8)	6.0	-
Total					
Mean			**12.0**	**18.9**	**n/a**
Median			**13.7**	**12.6**	**n/a**
Total (excl outliers - Ecosave, Praemium, DataDot, AdEffective, Mobile Embrace)					
Mean			**18.1**	**8.0**	**n/a**
Median			**15.2**	**6.4**	**n/a**

Table 13: Summary of trading multiples of comparable companies *(Source: S&P Capital IQ and company announcements)*

Notes

1. Estimates taken from S&P Capital IQ where available
2. E-pay Asia Limited results are a 2x multiple of its first half results to 30 June 2013
3. We have adjusted Praemium Limited's EBITDA for restructure and acquisition costs when calculating the FY13 multiple
4. We considered any multiple over 19x in FY13 as an outlier

8.13. In relation to the above trading multiples, we note the following:

- The share price of a listed company represents the market value of a non-controlling interest in that company and as such any earnings multiples derived from those shares prices are consequently non controlling multiples and they do not reflect a premium for control;

- We have not included FY14 multiples where forward estimates are not available. No forward estimates are available for the microcap companies;

- STE has a history of declining revenue. Further, STE provides a product positioned in a mature market segment.

- The range of EV/EBITDA multiples of comparable companies with a market capitalisation of less than $15 million is between 2.9 and 6.5 times.

- We consider an appropriate multiple to be applied to STE's future maintainable earnings is between 4 and 5 times. This reflects a range of multiples of comparable companies with a market capitalisation's of less than $15 million and is also considered to be an appropriate reflection of the growth challenges faced by STE.

Merger and acquisition multiples

8.14. The table below sets out a summary of the implied EBITDA multiples inclusive of control premiums in recent transactions involving ASX listed entities whose operations and activities are comparable to STE. Further details on the transactions we have analysed are set out at Appendix 5.

Buyer	Target	Announce Date	Close Date	% Cash	% Scrip	Implied Enterprise Value	Target EBITDA	Implied Enterprise Value/ EBITDA
Gartner Australasia Pty Ltd	Ideas International Ltd	20/04/2012	07/06/2012	100.0%	-	13.2	2.2	6.0
Triple Point Technology Inc	Qmastor Ltd	23/06/2011	09/11/2011	100.0%	-	23.2	3.0	7.7
							Minimum	**6.0**
							Maximum	**7.7**
							Mean	**6.9**
							Median	**6.9**

Table 14: Summary of transaction multiples ***(Source: S&P Capital IQ)***

Notes

1. The implied EV, Historic EBITDA and Implied Multiple are sourced from S&P Capital IQ

8.15. In relation to the above trading multiples, we note the following:

- The transactions relate to the acquisition of 100% of the company, therefore the multiples presented include a premium for control; and

- If we apply our high and low premium for control as set out in Paragraph 8.25, we estimate a minority interest adjusted EV/EBITDA multiple range of between 5.0 and 6.7 times.

Conclusion on capitalisation multiple

8.16. Our estimated EBITDA multiples are set out below:

		EBITDA Multiple Range	
	Ref	Low	High
Market based multiple	8.12 - 8.13	4.0	5.0
Transaction based multiple (adjusted for premium for control)	8.14 - 8.15	5.0	6.7
Preferred multiple		**4.0**	**5.0**

Table 15: Financial Position *(Source: JCurve Financial Statements)*

8.17. We have selected an EBITDA multiple range of between 4 to 5 times for STE prior to the Proposed Transaction based on the market trading multiples of small ASX listed comparable companies (though we note that the majority of ASX comparable companies are larger than STE). This range reflects the mature nature of STE's business when compared to some of its peers.

Surplus Assets

8.18. We have not identified any surplus assets within STE.

Net cash

8.19. As at 30 June 2013 the net cash position was approximately $3.6 million.

Control Premium

8.20. It is proposed Mr Baillie will acquire a relevant interest in the Combined Group greater than 20%. The transaction is considered a control transaction and we must consider the Fair Value to shareholders including a control premium and compare this value to the Combined Group after the Proposed Transaction on a minority interest value. In assessing the Fair Value of 100% of STE we have applied a control premium to the equity value. We have applied a control premium between 15% and 20%.

8.21. Obtaining control of an entity usually provides the acquirer with a number of advantages including the following:

- access to potential synergies;
- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

8.22. In the case of publicly traded securities, given the advantages control of an entity provides an acquirer, they are usually expected to pay a premium to the quoted market price to achieve control, which is often referred to as a control premium. Consequently earnings multiples for listed companies do not reflect the market value of a controlling interest in the company as they are derived from market prices which usually represent the buying and selling of non-controlling portfolio holdings (small parcels of shares).

8.23. RSM Bird Cameron has undertaken a survey of control premiums paid over a 7-year period to 30 June 2012 in 345 successful takeovers and schemes of arrangements of companies listed on the ASX ("RSMBC Control Premium Study 2013"). In determining the control premium we compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, the closing share price of the acquiring company on the day prior to the date of the offer was used. Our study concluded that on average control premiums in takeovers and schemes of arrangements involving Australian companies were in the range of 15% to 40%.

8.24. Our study also found that companies with high proportion of cash to market capitalisation command a lower premium than a company with less cash.

Conclusion on control premium

8.25. On the basis of the above we believe that a premium for control between 15% and 20% is appropriate for valuing 100% of STE.

Quoted Price of Listed Securities (secondary method)

8.26. In order to provide a comparison and cross check to our valuation of an STE share derived using the capitalisation of FME methodology we have considered the recent quoted market price for STE's shares on the ASX.

Analysis of recent trading in STE shares

8.27. The figure below sets out a summary of STE's closing share prices and traded volumes for the period ended 13 September 2013, being the last trading day prior to the completion of the report.

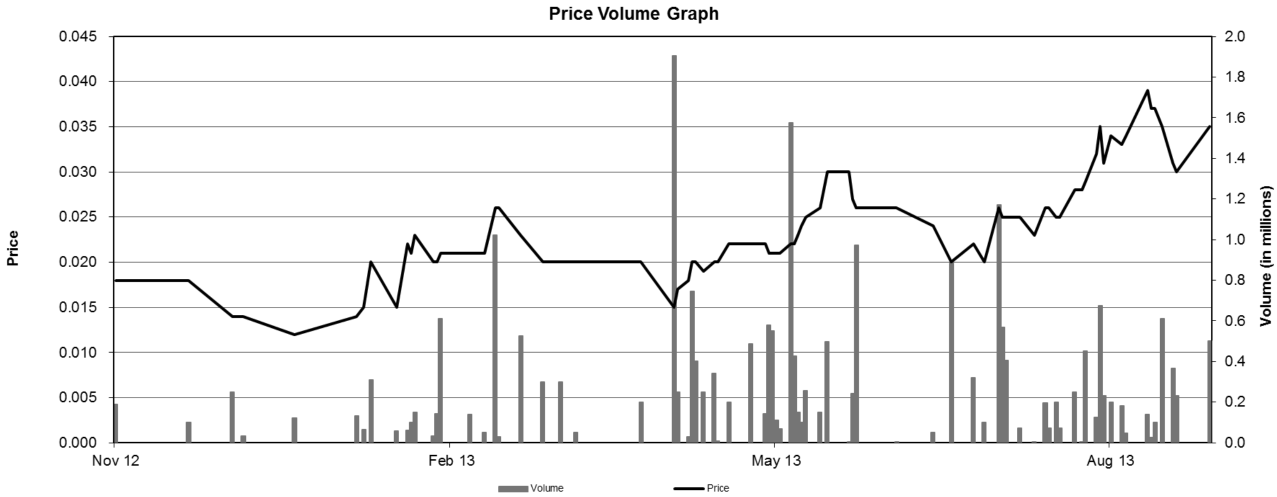

Figure 4: STE Share price volume (*Source: Capital IQ*)

8.28. Over the one year trading period pre the announcement of the proposed Transaction, STE shares have traded in a range from a low of $0.012 in January 2013 to a high of $0.039 in August 2013.

8.29. We have considered the Volume Weighted Average Price ("VWAP") for the 5, 10 day, 30 day, 60 day and 90 day trading periods to 16 September 2013, as summarised in the table below.

	13-Sep-13	5 day	10 day	30 day	60 day	90 day
Closing price	$0.035					
VWAP		$0.035	$0.034	$0.033	$0.029	$0.027

Table 16: VWAP of STE's shares *(Source: S&P Capital IQ)*

8.30. An analysis of the volume in trading in STE's shares for the 180 trading day period to 13 September 2013 is set out in the following table.

Trading days	Share price low	Share price high	# of days traded	VWAP	Volume traded 000's	As a % of issued capital
1 day	-	-	0	-	0	NA
5 day	$0.030	$0.037	1	$0.035	500	0.26%
10 day	$0.030	$0.039	3	$0.033	1,098	0.57%
30 day	$0.023	$0.039	16	$0.033	4,131	2.16%
60 day	$0.020	$0.039	29	$0.029	8,238	4.31%
90 day	$0.020	$0.039	45	$0.026	14,055	7.36%
120 day	$0.015	$0.039	56	$0.024	18,867	9.87%
180 day	$0.012	$0.039	75	$0.024	23,065	12.07%

Table 17: Traded volumes of STE shares to 20 August 2013 *(Source: S&P Capital IQ)*

8.31. We note that STE's shares have historically not traded on all trading days. Of STE's tradable shares on issue approximately 12% were traded in the 180 trading day period. Whilst our analysis indicates that there is an active market it does not appear to be deep and there is a relatively low level of liquidity in STE's shares.

Valuation of an STE share (Quoted price of listed securities methodology)

8.32. Our valuation of an STE share, on the basis of the recent quoted market price including a premium for control is between $0.030 and $0.042, as summarised in the table below.

	Ref:	Low ($)	High ($)
Quoted market price - Non control minority basis	8.27 - 8.31	0.026	0.035
Control Premium	8.20 - 8.25	15%	20%
Value of an STE share on a control basis		**0.030**	**0.042**

Table 18: Assessed value of an STE share – Quoted Price of Listed Securities *(Source: RSMBCC analysis)*

Key assumptions

Value of an STE share on a non-control minority basis

8.33. Based on the analysis of the recent trading in STE's shares, we have assessed the value of an STE share on a non control basis to be between $0.026 and $0.035 prior to the announcement of the Proposed Transaction.

Control Premium

8.34. We have applied a control premium in the range of 15% to 20% which is consistent to that applied in our assessment of the Fair Value of an STE derived using the capitalisation of FME methodology.

Valuation summary and conclusion

8.35. A summary of our assessed values of an ordinary STE share on a control basis pre the Proposed Transaction, derived under the two methodologies, is set out in the table below.

	Ref:	Valuation Range Low	High
Capitalisation of FME ($)	8.2	0.046	0.060
Quoted market value ($)	8.32	0.030	0.042
Assessed Fair Value of STE share		**0.046**	**0.060**

Table 19: Valuation of a share in STE *(Source: RSMBCC analysis)*

8.36. We consider that the Fair Value of an STE share on a control basis is in the range of $0.046 to $0.060 which has been derived using the capitalisation of FME methodology. Whilst the recent quoted market prices of STE provides a useful cross check and support for the value we have derived using the capitalisation of FME methodology, based on our analysis of the recent volume of trading in STE shares we do not consider the market to be deep enough to provide a reliable assessment of their Fair Value on a standalone basis.

9. Valuation of the Combined Group

9.1. We have assessed the Fair Value of the combined group on a minority basis using the capitalisation of FME methodology as our primary methodology (refer to Paragraph 7.13).

Combined Group - Capitalisation of future maintainable earnings

9.2. We have assessed the Fair Value of the Combined Group, on a minority basis to be in the range of $9.9 to $12.8 million ($0.038 to $0.049 per share), as summarised in the table below.

		Valuation Range	
	Ref:	Low	High
STE Enterprise Value $000's		4,000	6,000
JCurve Enterprise Value			
Maintainable EBITDA - $000's	9.3 - 9.10	650	700
Assessed Multiple (non controlling basis)	9.11 - 9.12	5.0	6.0
Enterprise Value $000's		3,250	4,200
Total Enterprise Value $000's		7,250	10,200
Plus: Surplus assets - $000's	9.13	-	-
Plus: Net Cash - $000's	9.14 - 9.16	2,600	2,600
Equity value (non controlling basis) - $000's		9,850	12,800
Number of share on issue - 000's		262,506	262,506
Fair Value of an STE share (non controlling basis) - $/share		**3.8**	**4.9**

Table 20: Assessed Fair Value of Combined Group – *(Source: RSMBCC Analysis)*

JCurve Future maintainable earnings

9.3. We have chosen EBITDA as an appropriate measure of future maintainable earnings in our valuation of the Combined Group because multiples based on EBITDA are less sensitive to different financing structures, depreciation, impairment and amortisation accounting policies and effective tax rates than multiples based on other earnings measures such as EBIT or NPAT, allowing a better comparison with earnings multiples of other companies and those implied in recent transactions.

	Ref	FY14	FY13	FY12
JCurve EBITDA	6.11	208	(1,162)	(269)
Normalisations:				
Synergies	9.4	460	460	460
JCurve Product Development	9.6	-	504	-
Total Normalisations		460	964	460
Normalised EBITDA		**668**	**(198)**	**191**

Table 21: Normalised EBITDA *(Source: RSMBCC Analysis)*

Normalisation adjustments

9.4. We have adjusted EBITDA to reflect known synergies available to a purchaser, summarised in the table set out below.

Description of Synergy	Value $ 000's
Staff Rationalisation	330
Facilities	100
STE Business Software	30
Expected Synergies	**460**

Table 22: Expected Synergies of STE *(Source: RSMBCC Analysis)*

9.5. The majority of synergies relate to staff rationalisation at senior management level.

9.6. We have adjusted EBITDA in FY13 for product development expensed. These costs relate to the development of the GO product, the free trial website development and the install "wizard". As such, some of these costs will be one-off costs and the rest should be treated capital expenditure. We remove one-off costs because they are not reflective of maintainable earnings going forward and we adjust for costs that should normally be capitalised because these costs will be taken to the balance sheet and amortised over their useful lives.

9.7. JCurve provided us with an EBITDA estimate for FY14. The estimate was based on recognising the full value of a contract when it was signed rather than apportioning that contract over a 12 month period. As such, we adjusted the estimate so that revenue and cost of sales were recognised over the period to which they relate. The adjusted accounting treatment of revenue in the FY14 estimates is therefore consistent with the accounting treatment of revenue in the FY13 financial statements.

9.8. We note that JCurve is forecasting significant growth in FY14, forecast revenue of $4.3 million. The growth assumption is predicated on the following:

- JCurve earned revenues of approximately $0.26 million for the month of July 2014. Based on JCurve's contractual and renewals based revenue structure, JCurve management expect this to be the minimum monthly revenue for FY14. As such, this represents approximately $3.1 million in annual revenue.
- JCurve has secured a contract that will result in annualised revenue of $0.4 million. We estimate that approximately $0.2 million of this will be earned in FY14.

9.9. JCurve expected to release its new GO product at the beginning of the financial year but this will be delayed until late 2013. JCurve management anticipate that the release of the new product plus the website and wizard designed to ease customer transfer issues will be a key driver for customer growth beyond that experienced historically. Failure to secure new customers is a key risk to the FY14 EBITDA.

Future maintainable earnings

9.10. Having regard to the above, we have adopted a combined future maintainable EBITDA for JCurve of between $0.65 million and $0.7 million.

JCurve Capitalisation multiple

9.11. Based on analysis of comparable company market based and transaction multiples, we consider an appropriate non-controlling EBITDA multiple for the JCurve to be in the range of 5.0 to 6.0 times (see paragraphs 8.11 to 8.17 for more details).

9.12. The multiple range we have selected is higher than that used for valuing STE prior to the Proposed Transaction for the following reasons:

- The JCurve product offering has a larger potential customer base given it operates in a growing market;
- JCurve has an exclusive license agreement with NetSuite that includes referral of potential customers; and
- JCurve has demonstrated a track record of growth.

Surplus Assets

9.13. We have not identified any surplus assets within the Combined Group.

Net cash

9.14. We have assessed the net cash position to be approximately $2.6 million as summarised in the table below.

	$ 000's
Cash and cash equivalents	3,600
Cash consideration payable to Mr Graham Baillie	(1,000)
Net cash	**2,600**

Table 23: Assessment of net cash *(Management information)*

9.15. As at 30 June 2013 STE had net cash and equivalents of approximately $3.6 million. JCurve will retain any net debt as part of the Proposed Transaction so we have not made any adjustments for JCurve’s net debt.

9.16. The cash consideration payable to Mr Baillie is $1.0 million. We have deducted this amount from our assessment of the net cash of STE.

10. Is the Proposed Transaction Fair to STE Shareholders

10.1. Our assessed values of an STE share prior to and immediately after the Proposed Transaction, are summarised in the table and figure below.

Assessment of fairness	Ref:	Value per Share	
		Low	High
Fair value of an STE share pre the Proposed Transaction - Control basis	Section 8	$0.046	$0.060
Fair value of an STE share post the Proposed Transaction - Non control basis	Section 9	$0.038	$0.049

Table 24: Assessed values of an STE share pre and post the Proposed Transaction *(Source: RSMBCC analysis)*

Figure 5: STE Share Valuation Graphical Representation (*Source: RSMBCC Analysis)*

10.2. In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Corporations Act 2001, we consider the Proposed Transaction to be **Not Fair** to the Non-Associated Shareholders of STE, as the mid point of our value of an STE share after the Proposed Transaction is less than the range of values for an STE share prior to the Proposed Transaction.

11. Is the Proposed Transaction Reasonable

11.1. RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes.

11.2. In order to assess whether the Proposed Transaction is "reasonable", we have considered the following:-

- The stated intentions of Graham Baillie in relation to the Proposed Transaction
- The future prospects of STE if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

11.3. We have assessed that in all cases the advantages and disadvantages of rejecting the Proposed Transaction is the inverse of approving the Proposed Transaction.

Stated Intentions of Graham Baillie in relation to the Proposed Transaction

11.4. As stated in the Notice of Meeting, Mr Baillie:

- has no intention of making any significant changes to the Company's business, however it is intended the Company will consider new opportunities as and when they may arise;
- does not intend to redeploy any fixed assets of the Company;
- does not have any present intention to inject further capital into the Company;
- does not intend to transfer any property between the Company or any person associated with it; and
- has no current intention to change the Company's existing policies in relation to financial matters;

Future Prospects of STE if the Proposed Transaction Does Not Proceed

11.5. If the Proposed Transaction does not proceed then STE will continue to develop and market its existing products.

Advantages and Disadvantages

11.6. In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have compared various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages

Advantage 1 – Despite being not fair, the minority interest values pre and post the Proposed Transaction are similar

11.7. As shareholders will retain a minority interest both pre and post the Proposed Transaction, we have compared the values of STE pre and post the Proposed Transaction. The table below provides a comparable value both pre and post the Proposed Transaction for a minority interest.

	Ref:	Value per Share	
		Low	High
Fair value of an STE share pre the Proposed Transaction - Control basis	8.2	4.6 cps	6.0 cps
Less control premium	8.20 - 8.25	15%	20%
Fair value of an STE share pre the Proposed Transaction - Non control basis		**4.0 cps**	**5.0 cps**
Fair value of an STE share post the Proposed Transaction - Non control basis	9.2	**3.8 cps**	**4.9 cps**

Table 25: Assessed minority interest values of an STE share pre and post the Proposed Transaction ***(Source: RSMBCC analysis)***

Advantage 2 – Non-associated Shareholders still have a controlling interest in the Company

11.8. The non-associated shareholders will maintain a combined controlling interest in STE of 69% if the Proposed Transaction proceeds. This means that non-associated shareholders will retain the opportunity to obtain a premium for control at a later date.

Advantage 3 – The JCurve business could attract new investors

11.9. The current product offering of STE targets a mature market. Through acquiring the JCurve business, STE will be exposed to a growth sector that could attract new investors for the following reasons:

- The growth prospects for JCurve's products are greater than for STE's existing products;
- The combined companies will result in a larger entity;
- The existing management of JCurve has strong technical experience and a track record of developing start up enterprises; and
- Investors may be attracted to the focus on cloud based technology.

Advantage 4 – Potential for increased exposure to investors

11.10. The benefits associated with attracting new investors could result in an increase in market capitalisation, improving capital raising opportunities, increasing liquidity and more analyst coverage.

Advantage 5 – Synergies available from a similar customer base

11.11. JCurve's customers are similar to STE's customers. As such, the merger of the two businesses will provide an opportunity for both companies to cross sell to one another's client base.

Advantage 6 – JCurve holds a NetSuite Reseller Agreement for Australia

11.12. NetSuite is a US based software developer with more than 16,000 organisations using its cloud based accounting, CRM, inventory and ecommerce software. JCurve has an exclusive right to sell a range of products that NetSuite has specifically customised for the small business market in Australia and New Zealand. In addition, JCurve is a non-exclusive reseller of NetSuite's offerings to larger clients.

Advantage 7 – Cloud based software will provide an additional revenue stream

10.3. Adding JCurve's cloud based software to the services provided by STE will create a new revenue stream for the Company. Increasing revenue streams will reduce the risk to STE's earnings from providing services to a niche and mature sector of the corporate market.

10.4. The JCurve product offering generates recurring revenue as customers pay a monthly fee to access the software.

Disadvantages

Disadvantage 1 – Dilution of shareholders' Interests and loss of control

10.5. The Proposed Transaction will result in diluting the current Non-Associated Shareholders interest in STE on an undiluted basis from 95% to 69% and on a diluted basis from 95% to 61%.

Disadvantage 2 – Mr Baillie will hold a blocking equity stake in STE.

11.13. Mr Baillie will own 31% of the share capital in STE. Therefore, he will be able to block special resolutions. Mr Baillie's interest in STE may also deter others from making future takeover bids for the Company.

Disadvantage 3 – JCurve's new GO product is yet to be presented to the market

11.14. JCurve expects significant growth as a result of the release of its new GO product. However, the product has not been launched in its new form. As such, although the new product is based on the existing platform, the take up and popularity of the product is unknown.

Disadvantage 4 – JCurve has not yet demonstrated a profitable track record

11.15. JCurve has not made a profit since its inception and is estimating an EBITDA of $0.2 million before synergies for FY14. Shareholders will therefore be exposed to a growth company with a different risk profile to STE.

Alternative Proposal

11.16. We are not aware of any alternative proposal at the current time which might offer the Non-Associated Shareholders of STE a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

11.17. In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **Reasonable** for the Non-Associated Shareholders of STE.

11.18. An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

RSM BIRD CAMERON CORPORATE PTY LTD

A GILMOUR	**G YATES**
Director	Director

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

APPENDIX 1

Declarations and Disclosures

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

Qualifications

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

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

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

Reliance on this Report

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

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Stratatel Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

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

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

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

Disclosure of Interest

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

Consents

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

APPENDIX 2

Sources of Information

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

- Drafts and final copies of the Notice of Meeting;
- STE Audited Financial Statements for the years ended 30 June 2011, 30 June 2012 and 30 June 2013;
- Management accounts for JCurve for the periods ended 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013;
- Management accounts for JCurve for the month of July 2013;
- JCurve estimates for the year ended 30 June 2014;
- ASX announcements of STE;
- STE Board presentations;
- STE Board Meeting Minutes;
- STE budget for FY14;
- Due diligence prepared for STE on the JCurve;
- Draft Heads of Agreement dated 27 August 2013;
- STE company strategy presentation;
- JCurve business plan;
- S&P Capital IQ database;
- Connect4 database; and
- Discussions with Directors, Management and staff of STE and JCurve.

APPENDIX 3

Glossary of Terms and Abbreviations

Term or Abbreviation	Definition
$	Australian Dollar
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CAGR	Compound annual growth rate
Connect 4	An entity of Thompson Reuters which is an aggregator of ASX listed company announcements and disclosures
Company	STE
Control basis	As assessment of the fair value on an equity interest, which assumes the holder or holders have control of entity in which the equity is held
Directors	Directors of STE
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
EBIT	Earnings, Before, Interest and Tax
EBITDA	Earnings, Before, Interest, Tax, Depreciation and Amortisation
Equity	The owner's interest in property after deduction of all liabilities
EV	Enterprise Value, meaning, the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities
Fair Value	the amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm’s length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY10, FY11, FY12 & FY13	Financial year ended 30 June 2010, 30 June 2010, 30 June 2012 and 30

Term or Abbreviation	Definition
	June 2013
IBIS	IBIS World, producer of industry reports
IER	This Independent Expert Report
STE	Stratatel Limited
STE Shareholders	Shareholders of STE
Non control basis	As assessment of the fair value on an equity interest, which assumes the holder or holders do not have control of entity in which the equity is held
NPBT	Net Profit Before Tax
NPAT	Net Profit After Tax
Regulations	Corporations Act Regulations 2001 (Cth)
Report	This Independent Experts Report prepared by RSMBCC dated 4 June 2013
RG 111	ASIC Regulatory Guide 111 Contents of Expert's Reports
RSMBCC	RSM Bird Cameron Corporate Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
SWOT	Strengths, weaknesses, opportunities and threats
VWAP	Volume weighted average share price

APPENDIX 4

Comparable Companies[1]

Reckon Limited engages in the development, distribution, and support of personal financial and accounting software, and related products and services in Australia and internationally. It provides QuickBooks for accountants and business owners to facilitate basic accounting, payroll management, estimating, time tracking, and multi-company reporting; Quicken that enables individuals to take control of their personal finances, prepare for tax time, operate a home business, and invest for the future; and Reckon Online, including QuickBooks Hosted, CashBook Online, Reckon BankData, Reckon GovConnect, and other cloud based business tools. The company also offers Reckon Elite, a practice management solution for accounting practitioners, which offers from tax returns to compliance and consulting services; and Reckon Docs that supplies company, trust, and SMSF documentation to accountants, financial planners, and lawyers. In addition, it is involved in the development, distribution, and support of practice management, tax, client accounting, cost management, and related software under the APS and Billback brand names. Further, the company engages in the distribution and support of cost recovery, cost management, and related software to the United States legal market, as well as provides cost recovery software, print solutions, expense management solutions, enhanced scan solutions, expense management solutions, and other related modules.

Data#3 Limited, together with its subsidiaries, provides information and communication technology (ICT) solutions in Australia and the Asia Pacific. The company operates through two segments, Product and Services. The Product segment designs, deploys, and operates hardware and software for desktop, network, and data centre infrastructure. The Services segment offers consulting, professional, managed, and workforce recruitment and contracting services in relation to the design, implementation, operation, and support of ICT solutions. The company also provides software licensing, software asset management, and workforce productivity solutions; product solutions for hardware procurement, warehousing, configuration, deployment, and disposal; and integrated solutions, which comprise customer specific solutions, ICT strategic consulting, data center infrastructure and virtualization, identity, security and protection, mail and collaboration, systems management, and enterprise productivity applications. In addition, it offers managed services for support and hardware maintenance, selective outsourcing, and cloud-based infrastructure and software as a service; and people services, which comprise contractor and permanent recruitment, and human capital performance management. Further, the company offers business productivity, lifecycle management, IaaS, end-user support, disaster recovery, collaboration, and end-user computing solutions.

Hansen Technologies Ltd engages in the development, integration, and support of billing systems software to telecommunications, electricity, gas, and water industries in Australasia, North America, and Europe. The company offers energy solutions, including CIS solutions, such as sales and marketing, billing, customer management, revenue management, and business intelligence; meter data solutions consisting of connection point management and meter data management; complex billing and pricing solutions; market solutions; and smart grid solutions. It also provides telecommunications solutions, which include converged pre-post paid, multi-service bill aggregation, and complex corporate billing solutions. In addition, the company offers data centre solutions, such as infrastructure as a service, software as a service, hardware and operating system, network and security, daily back-up, Hansen cloud stack, and VMware virtualization solution; and IT managed services, including technical and customer support, and network and security services. Further, it provides application services consisting of turnkey, implementation and integration, application management, performance tuning, hosting, and support solutions; and superannuation administration software that complies with Australian superannuation and taxation legislation.

Objective Corporation Limited, together with its subsidiaries, provides information technology software and services in Australia and internationally. It offers content, collaboration, and process management solutions for the public sector. The company's products include enterprise content management (ECM) that provides document, records, workflow, Web content, correspondence, drawing management, and enterprise search solutions, as well as ECM for small agencies; and ECM application and infrastructure integration solutions, including Microsoft SharePoint, email integration, automated email capture, land information systems, engineering drawing tools, multi-function devices, and thesaurus management. It also provides Objective Connect that allows public and private sector organizations to share information securely and easily. In addition, the company offers services for public engagement, collaborative authoring, and analytics, such as uEngage to manage consultations, stakeholder submissions, and analysis; uCreate to publish branded documents and content-rich micro-sites; Objective Committees that addresses the business process and information management requirements associated with the core business function of managing committees; and Objective PDS Manager, which enables to create, review, manage, publish, and distribute the product disclosure statement portfolio. Further, it provides Objective PDS StreamLine, which delivers product disclosure statements, prospectus documents, and policy wordings. Furthermore, the company offers strategic consulting, implementation, education, and operational and technical support services. It serves justice and policing, defense, energy resources and utilities, housing and property, and financial services and insurance industries, as well as the public sector.

Pro Medicus Limited provides information technology products and services to diagnostic imaging groups, private radiology facilities, community based hospitals, medical centers, and specialty clinics in Australia, Europe, and North America. Its products include Radiology Information System, an information management system that integrates each function that clients need to run their practice into a single system, including patient information, scheduling, order entry, EMR, film tracking, mammography recalls, BIRADs reporting, digital dictation and transcription, automated report delivery, billing, internal messaging, document scanning, security auditing, a PACS interface, and more; and Visage Picture Archiving Communication System (PACS), a Web-based solution for primary interpretation, image distribution, and archiving across the healthcare enterprise. The company also offers training, installation, and professional services; Promedicus.net secure email; and digital radiology integration products. Its products are used by specialists, surgeons, and GPs.

Ecosave Holdings Limited provides energy efficiency solutions in Australia and New Zealand. It offers guaranteed energy savings projects and energy performance contracts, such as assessment, project management, guaranteed savings, and measurement and verification of project. The company delivers its projects in various facilities, including government, local councils, health care facilities, education facilities, sport and recreation centers, commercial offices, shopping centers, and telephone exchanges. It also offers utility management services comprising building monitoring, such as sub-metering and logging; and consulting services.

Praemium Limited, together with its subsidiaries, provides investment administration and portfolio management services to financial institutions in Australia and the United Kingdom. The company offers V-Wrap, a virtual investment wrap platform and online portfolio administration service that provides multi-asset administration, corporate action processing, and tax and investment reporting solutions; V-Wrap Adviser, which offers live market data services, real time client reporting services, and portfolio review tools for financial advisers and brokers; V-Wrap Investor that provides portfolio reporting and investment information; and V-Wrap Mobile, which enables a V-Wrap user to access portfolio information and market data services through hand-held mobile phone. It also offers Separately Managed Accounts technology, which enables online access for model providers, advisers, and clients; online account set up and maintenance; daily rebalancing of models; netting of buy/sell transactions across models; transfer of assets; customizations, including stock substitutions and holding locks; capital gain scenario modeling and optimization; various options for fee payments; badging; and others. Praemium Limited offers its solutions for accountants, financial planners, stockbrokers, and self managed super fund administrators.

Prophecy International Holdings Limited, through its subsidiaries, engages in the design, development, and marketing of computer software applications and services for various organizations. It principally offers basis2, a suite of billing and customer information solutions for use in the utilities industry. The company also provides e-Foundation enterprise software suite, which delivers Internet technologies for logistics, e-commerce, and back office applications, as well as enable organizations to build and deploy Web software applications. Its e-Foundation suite consists of Framework, an application assembly environment; ProphecyOpen that includes financials, procurement, distribution, asset management, and HR business applications; e-Portal, which provides seamless deployment of e-commerce business processes through the Internet; and e-FOL, a development solution that includes customizing and Web-enabling information systems. In addition, the company offers its computer software related consulting and maintenance services. Prophecy International Holdings Limited distributes its products through a network of business partners. It has operations primarily in Australia, the United States, Africa, Europe, and Asia.

Mobile Embrace Limited operates as an integrated mobile and digital communications company in Australia. The company operates through two segments, 4th Screen Advertising Australia and Mobile Entertainment Retail MER. The 4th Screen Advertising Australia segment provides mobile marketing solutions that enable to reach, engage, and embrace customers through mobiles and tablets. This segment provides mobile publishing, advertising, and messaging platforms and services; and mobile media design and development services. The Mobile Entertainment Retail MER segment offers mobile media trading desk and m-commerce platform, which enables payments, customer acquisition, and management through mobiles and tablets.

e-pay Asia Limited provides voucher and on-line top-ups for various prepaid services in Australia and Asia. The company operates in Prepaid Top-UP Services and Software Solutions segments. It distributes reload products, including prepaid mobile, IDD/STD, MVNO, WIMAX, broadband, prepaid games, mobile wallet, and gift card through various channels ranging from terminal, mobile handset, ATM, Internet, kiosk machine, and e-pos integration. The company also collects subscription for astro and satellite TV operators; acquires merchants for credit card and debit card transactions; and provides a platform for remittance cash in and cash out. In addition, it offers software solutions in the areas of mobile and Internet community platforms, mobile prepaid reload infrastructure, and application development. Further, the company provides end-to-end support services for the implementation of its software solutions comprising pre-project technical assessment and consultation, technical implementation, system testing, pre-commercial trial runs, bug resolution, and on-going maintenance and support. It operates electronic payment networks consisting of 15,000 points of sale that accepts cash payments for pre-paid mobile, reload, bill payment, and process debit and credit card transactions. The company sells its products through a chain of convenience stores, mobile phone dealers, petrol stations, and pharmacies. e-pay Asia Limited is based in Sydney, Australia. e-pay Asia Limited is a subsidiary of HSBC Custody Nominees (Aust) Limited.

CPT Global Limited provides information technology (IT) consultancy services primarily in Australia, North America, and Europe. The company's technical consulting services include capacity planning assurance and reviews; cost reduction programs, and cost of running reports and models; tuning services, such as corporate wide approach to performance tuning; technical support services comprising database and system administration; technical reviews consisting of environment and application performance; architecture services, such as technical architecture and design reviews; data warehousing solutions; stress and volume performance testing; and test facilitation and management. It is also involved in the management of IT consulting services, including IT strategic planning; selective outsourcing/multi sourcing readiness support, and transition services; IT outsourcing contract services reviews; IT delivery and support reviews and improvement using the shared services/ITIL framework; senior project and system integration management; and IT business metrics alignment leveraging balanced scorecard and cost of ownership models. In addition, the company's management of IT consulting services comprises business process re engineering; business process improvement; information management planning; eBusiness planning and implementation; business requirement definition; systems and technology integration; organization change; records and document management; and program and project management.

Techniche Limited is a venture capital company holding investments in unlisted entities in Australia. The company owns 25% in Theta Technologies Pty Limited, a Brisbane based software company that has developed two software programs. The main program is a generic risk management and auditing tool called Information Leader (IL) and the second program is a training module, GTS (I-Traln).

MGM Wireless Limited provides mobile messaging solutions for business enterprises in Australia and New Zealand. The company offers SMS School communication solutions that allow schools to communicate with parents and caregivers using SMS text messaging and enhance attendance, student welfare, safety, and parent engagement. Its products include messageyou that enables to SMS with automation and enhance school business processes; Messageyou WatchLists, which automates the analysis of parent replies, as well as analyzes message traffic and the status of attendance data; and Outreach, a Web based social messaging solution that allows school leaders to send school event reminders, sport fixtures, late breaking news, and emergency notifications. The company also offers Smartsync that extracts parent contact data from student management systems and updates the company's cloud-based Outreach system; Rollmarker, an attendance and student management system to manage student attendance and welfare; MGM Knowledgefund, an online service that offers school fee payment option to parents, as well as manages the process comprising payment collection; and School News Channel service that allows parents to request school SMS notifications online. In addition, it provides school leadership training services that include reviewing school communication strategy; parent engagement strategies; data integration services; parameter settings for message automation; escalation and followup procedures; operator, staff, and teacher training; and tips, policy, guidelines, project management, and usage analysis.

DataDot Technology Limited manufactures and distributes asset identification, protection and authentication solutions primarily in the Asia Pacific, the Americas, and Europe. Its products include DataDotDNA, a security identification system that uses DataDots (microdots) to protect property from theft; DataThreadDNA for in the clothing, pharmaceutical products, fast moving consumer goods, spare parts, security labels, museum antiquities, and other industries to protect products from counterfeiting and diversion; and DataBaseDNA, a database for law enforcement agencies and insurance investigators that compiles registered asset information from its various regional databases to one central database. The company also offers DataTraceDNA, a machine readable system for authenticating materials, products, and assets. Its DataTraceDNA is used in security printing, government identity documents, currency, pharmaceutical packaging, genuine part authentication, fast moving consumer goods, garments, leather goods, jewellery, art and memorabilia, polymer products, and textiles, as well as in quality control testing of bulk materials, such as paint and concrete. In addition, the company provides IntelliSeed, a patent pending technology that supports agriculture and protecting investments in intellectual property in various agricultural activities, including seed and plant genetics. It serves government, police, insurance, and blue-chip customers in the automotive industry. The company sells its products through distributors.

Facilitate Digital Holdings Limited provides digital marketing technology and services to the digital media sector in Australia and internationally. It engages in publishing, tracking, reporting, and optimizing digital marketing solutions, such as online display advertising, search marketing, affiliate and performance advertising, rich media, and video advertising. The company also provides data and analytical products that enable the marketer to correlate results across various digital and online advertising activities, as well as media agencies with workflow and trading automation technology and related services. Facilitate Digital Holdings Limited has a strategic alliance with MASS Exchange to design, build, and operate a user interface that enables its customers to buy and sell in MASS Exchange's electronic marketplace. The company was founded in 2001 and is headquartered in Surry Hills, Australia.

AdEffective Limited engages in online advertising business in Australia. It offers advertising search feeds for search engine or directory, Footar ads, contextual ad feeds, backfill advertising, and display advertising for Web publishers. The company serves advertisers, publishers, and publisher networks. AdEffective Limited is based in Melbourne, Australia.

Byte Power Group Limited, together with its subsidiaries, provides information technology and telecommunication (IT&T) solutions to the small and medium enterprises, and corporate and government sectors primarily in Australia and Asia. The company provides ATM cash management solutions; secure mobile phone based payment solutions; ERP solutions; infrastructure hardware products, including uninterruptible power supplies and power management products; network motoring and management solutions; IT consultancy services; and network design, implementation, and management services. It also engages in the manufacture, assembly, import, export, service, and sale of power management equipment and software; and development and implementation of e-kiosk solutions, as well as exports wine. The company was formerly known as Willhart Limited and changed its name to Byte Power Group Limited in July 2003. Byte Power Group Limited was founded in 1989 and is based in Newstead, Australia.

APPENDIX 5

Industry Overview

Telecommunications Resellers in Australia[1]

Telecommunication resellers operate by purchasing capacity from network providers and reselling this capacity through their distribution channels. Services sold include fixed, mobile and data telecommunication services.

The telecommunications resellers industry has experienced a dramatic decline during the past few years. This decline has been due to major players exiting the industry and high levels of price based competition which has fragmented revenue and eroded margins.

In recent years the demand for fixed line revenue has declined as has the demand for 2G mobile services, both of which represent significant portions of the products offered by resellers.

Industry Outlook

The decline in fixed line telephone subscribers is expected to continue, as customers substitute fixed services with internet and mobile services.

The increasing demand for data by both businesses and consumers is expected to continue, as consumers substitute fixed services with internet and mobile services.

The increasing demand for data by both businesses and consumers is expected to continue, creating opportunities for software providers as managing different telecommunication products becomes more difficult.

The roll out of the National Broadband Network by the Australian Government is expected to significantly reshape the telecommunications industry in Australia and is expected to benefit the resellers industry. At present, the implications of the National Broadband Network on the industry are uncertain as the role of the National Broadband Network is yet to be determined.

Software publishing and computer system and design industries[2]

The software publishing industry is defined in general terms to comprise of establishments which create and distribute ready-made (non customised) computer software such as the JCurve product suite. The computer systems and design industry is commonly known as the information technology consulting industry and consists of businesses mainly engaged in providing information technologies such as writing, modifying, testing or supporting software, or planning and designing and integrating computer systems that integrate computer hardware, software and communication technologies.

It is estimated that the software publishing industry will generate total sales of approximately $1.3 billion1 in FY13 and the computer system and design industry will generate in excess of $36.3 billion2 of revenue.

Demand for the products and services of both industries were hit sharply by the global financial crisis as businesses sought to reduce outsourcing expenditure and capital expenditure on non-essential services and investments in response to the downturn in general economic conditions. However, the decline in capital expenditure was offset by the emergence and growth of new technology, in particular cloud services which allow users to avoid capital expenditure by paying a monthly fee for software. This has meant that demand for software purchases and IT consulting services recovered. Consequently, IBIS estimates the software industry and computer systems and design industry revenues grew at an annualised rate of 1.5% and 1.8% respectively, in the five years ending 30 June 2013 despite the 9.7% and 7.5% falls in revenue observed in each sector in FY09.

[1] IBIS World “Industry Report J5420 Software publishing in Australia - December 2012”
[2] IBIS World “Industry Report M700 Computer Systems and Design Services in Australia – January 2013”

The most significant factors which give companies a competitive advantage in the software publishing and computer systems and design industries are:

- the ability to attract and retain a highly skilled and talented workforce;
- having the financial capacity and investment to fund ongoing and significant product development and research; and
- having an ability to keep up to date and adopt the latest and most available technologies in the industry.

IBIS World is forecasting a strong outlook for the software and computer systems and design industries, with revenues forecast to increase in each industry by an annual 5.3% and 4.2% respectively over the next five years.

Gartner Inc projects the cloud based Software as a Service ("SaaS") market will grow at a steady compound annual growth rate ("CAGR") of 19.5% to 2016. Global SaaS spending is projected to grow from $13.5B in 2011 to $32.8B in 2016.

Customer relationship management ("CRM") will continue to be the largest global market within SaaS, forecast to grow to $9B in 2016 (a 16.3% CAGR). Office suites are expected to be the highest growth segments (at 49.1%), ERP is expected to grow at a CAGR of 23.4% and CRM at 16.3%.

Total spending over 5 years in the mature Asia/Pacific region is expected to total US$31bn.