

# Decimal Software Limited

ACN 009 235 956

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## SCHEME BOOKLET

For a scheme of arrangement between Decimal Software Limited and the holders of Decimal Shares in relation to the proposed acquisition of Decimal Software Limited by Sargon Capital Pty Ltd for cash consideration of \$0.0141 (1.41 cents) per Decimal Share acquired pursuant to the Scheme

## VOTE IN FAVOUR

**The Decimal Directors unanimously recommend that you VOTE IN FAVOUR of the Scheme, in the absence of a Superior Proposal.**

The Independent Expert has also concluded that in the absence of any other relevant information and/or a superior proposal, the Scheme is FAIR AND REASONABLE to Decimal Shareholders and therefore is IN THE BEST INTERESTS of Decimal Shareholders.

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**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**You should read it in its entirety before deciding whether or not to vote in favour of the Scheme.**

**If you are in any doubt about how to deal with this Scheme Booklet, you should contact your broker, financial adviser or legal adviser immediately.**

**If you are unable to attend the Scheme Meeting in person, you can appoint a proxy to vote on your behalf in respect of the Scheme. To appoint a proxy, you are able to lodge your proxy online at [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR code on your proxy form with your smartphone and follow the prompts. Alternatively, you can appoint a proxy by completing the enclosed personalised proxy form in accordance with the instructions and returning it by hand, post or fax. Further information setting out how you may vote by appointment of a proxy is contained in the Notice of Scheme Meeting at Annexure D to this Scheme Booklet.**

# Important notices

## Purpose of this Scheme Booklet

Decimal has announced a proposed Scheme. The Scheme is to be implemented through a members' scheme of arrangement between Decimal and Decimal Shareholders.

The purpose of this Scheme Booklet is to explain the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if the conditions precedent are satisfied), and to provide the information as is prescribed or otherwise material for Decimal Shareholders when deciding whether or not to vote in favour of the Scheme. This Scheme Booklet includes the explanatory statement for the Scheme required by section 412(1) of the Corporations Act.

You should read this Scheme Booklet in its entirety before making a decision whether or not to vote in favour of the Scheme.

## No investment advice

This Scheme Booklet does not take into account the investment objectives, financial situation, tax position or particular needs of any Decimal Shareholder or any other person. Accordingly, this Scheme Booklet should not be relied upon as the sole basis for any decision in relation to Decimal Shares or any other securities. Independent advice should be sought before any such decision is made.

## Role of ASIC and ASX

A copy of this Scheme Booklet has been examined by ASIC pursuant to section 411(2) of the Corporations Act and registered by ASIC in accordance with section 412(6) of the Corporations Act. Decimal will request ASIC to provide a statement in accordance with section 411(17) of the Corporations Act stating that ASIC has no objection to the Scheme. If ASIC provides that statement it will be produced to the Court at the Second Court Hearing.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASIC, ASX nor any of their Officers takes responsibility for the contents of this Scheme Booklet.

## Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that the Court has ordered that the Scheme Meeting be convened under section 411(1) of the Corporations Act and has approved this Scheme Booklet does not mean that the Court:

- has formed any view as to the merits of the Scheme or as to how Decimal Shareholders should vote at the Scheme Meeting (on this matter Decimal Shareholders must reach their own decision); or
- has prepared, or is responsible for, this Scheme Booklet.

## Responsibility for information

The Decimal Information has been provided by Decimal and is the responsibility of Decimal. Sargon and its advisers do not assume any responsibility for the accuracy or completeness of that information.

The Sargon Information has been provided by Sargon and is the responsibility of Sargon. Decimal and its advisers do not assume any responsibility for the accuracy or completeness of that information.

RSM Corporate Australia Pty Ltd has prepared the Independent Expert's Report in relation to

the Scheme and takes responsibility for that report.

## Disclaimer as to forward looking statements

This Scheme Booklet may include various statements about the future. Statements other than statements of historical fact may be forward looking statements. Decimal Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Decimal and Sargon. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement.

The statements contained within this Scheme Booklet reflect the views held at the date of this Scheme Booklet.

None of Decimal or Sargon, the Officers of those companies or any person named in this Scheme Booklet with their consent or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievements express or implied in any forward looking statement, except to the extent required by law. Decimal Shareholders should not place undue reliance on any such statements.

## Estimates, targets and forecasts

Unless expressly stated otherwise, all references in this Scheme Booklet to estimates, targets and forecasts (and derivations of the same) are references to estimates, targets and forecasts by Decimal or Sargon management (as applicable). Management estimates, targets and forecasts are based on views held only at the date of this Scheme Booklet.

Each of Decimal and Sargon believes that the estimates, targets and forecasts in this Scheme Booklet that are attributable to it have been made on reasonable grounds and that the assumptions on which those estimates, targets and forecasts are based are reasonable.

Having said this, Decimal Shareholders are cautioned that the estimates, targets and forecasts are subject to a variety of factors that are likely to cause actual results to vary from them, and such variations may be material.

## Foreign jurisdictions

This Scheme Booklet has been prepared having regard to Australian disclosure requirements. Other countries may have different legislative and regulatory requirements.

The release, publication, or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

## Privacy

Personal information may be collected by Decimal and Sargon in the process of implementing the Scheme.

This information may include the name, contact details, security holding details of Decimal Shareholders, and the names of individuals appointed to act as proxy, attorney or corporate representative by a Decimal Shareholder at the

Scheme Meeting. The primary purpose for collecting this personal information is to assist Decimal and Sargon to conduct the Scheme Meeting and implement the Scheme.

Any personal information collected may be disclosed to Sargon's and Decimal's respective share registries, advisers, print and mail service providers and related bodies to the extent necessary to effect the Scheme.

Decimal Shareholders are entitled under section 173 of the Corporations Act to inspect and obtain copies of personal information collected. Decimal Shareholders should contact the Decimal Registry in the first instance if they wish to access their personal information.

## Diagrams and charts

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless expressly stated otherwise, all data contained in such diagrams, charts, maps, graphs or tables is based on information available at the date of this Scheme Booklet.

## References to time

Unless expressly stated otherwise, all references in this Scheme Booklet to time relate to the time in Perth, Western Australia, Australia.

## References to currency

Unless expressly stated otherwise, all references in this Scheme Booklet to "\$", "A\$", "cents" or "AUD" are references to Australian currency.

## Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculation may differ from the calculations set out in this Scheme Booklet.

## Defined terms

A number of defined terms are used in this Scheme Booklet, the meanings of which are set out in the glossary in Section 10 or elsewhere in this Scheme Booklet. Some of the documents reproduced in the Annexures to this Scheme Booklet each have their own defined terms which are sometimes different from those in the rest of this Scheme Booklet.

## Date of Scheme Booklet

This Scheme Booklet is dated 31 October 2018.

# Table of Contents

<b>Reasons to vote in favour of or against the Scheme</b>	<b>1</b>
<b>Important dates</b>	<b>2</b>
<b>Letter from the Chairman of Decimal</b>	<b>3</b>
<b>Action required by Decimal Shareholders</b>	<b>4</b>
<b>1 Directors' recommendation and matters relevant to your vote on the Scheme</b>	<b>6</b>
<b>2 Summary of the Scheme</b>	<b>13</b>
<b>3 Frequently asked questions</b>	<b>17</b>
<b>4 Profile of Decimal</b>	<b>21</b>
<b>5 Profile of Sargon</b>	<b>28</b>
<b>6 Risk factors</b>	<b>32</b>
<b>7 Taxation implications</b>	<b>36</b>
<b>8 Implementation of the Scheme</b>	<b>38</b>
<b>9 Additional information</b>	<b>46</b>
<b>10 Glossary, definitions and interpretation</b>	<b>53</b>
<b>Annexure A – Independent Expert's Report</b>	<b>64</b>
<b>Annexure B – Scheme of Arrangement</b>	<b>112</b>
<b>Annexure C – Deed Poll</b>	<b>130</b>
<b>Annexure D – Notice of Scheme Meeting</b>	<b>158</b>
<b>Corporate Directory</b>	<b>162</b>

# Reasons to vote in favour of or against the Scheme

This section is a summary only. Further details of the reasons why you should vote in favour of, or against, the Scheme are set out in Section 1 of this Scheme Booklet.

## 1 Reasons to vote in favour of the Scheme

- All of the Decimal Directors have unanimously recommended that you vote in favour of the Scheme, in the absence of a Superior Proposal, and intend to vote any Decimal Shares they hold or control in favour of the Scheme, in the absence of a Superior Proposal
- The Independent Expert has concluded that in the absence of any other relevant information and/or a superior proposal, the Scheme is fair and reasonable and therefore is in the best interests of Decimal Shareholders
- No Superior Proposal has emerged since the announcement of the Scheme
- The Scheme Consideration is all cash and provides certainty of value to Decimal Shareholders
- The Scheme Consideration of \$0.0141 (1.41 cents) cash per Scheme Share represents an attractive premium over the trading prices of Decimal Shares prior to the announcement of the Scheme
- No brokerage costs or stamp duty will be payable by you on the transfer of your Decimal Shares to Sargon on the implementation of the Scheme
- If the Scheme does not proceed and no Superior Proposal emerges, the future of Decimal as a going concern is uncertain
- The price of Decimal Shares may fall if the Scheme is not implemented and no Superior Proposal emerges

## 2 Possible reasons not to vote in favour of the Scheme

- You may disagree with the recommendations by the Independent Expert and the Decimal Directors
- You may consider that there is the potential for a Superior Proposal to be made to Decimal in the foreseeable future
- You may prefer to participate in the future financial performance of the Decimal business, and may consider that the Scheme does not appropriately capture Decimal's long term potential
- You may believe it is the wrong time to divest your Decimal Shares
- The tax consequences of the Scheme may not suit your current financial position

# Important dates

Date of this Scheme Booklet	31 October 2018
Latest date and time for receipt of proxy forms or powers of attorney for the Scheme Meeting	10.00 am (Perth time) on 4 December 2018
Time and date for determining eligibility to vote at the Scheme Meeting	4.00 pm (Perth time) on 4 December 2018
<b>Scheme Meeting</b> to be held at the Boardroom of Fogarty Partners, 65 Hay Street, Subiaco, Western Australia 6008	10.00 am (Perth time) on 6 December 2018

## If the Scheme is agreed to by Decimal Shareholders

**Second Court Date** for approval of the Scheme 13 December 2018

### Effective Date

Court order lodged with ASIC and announcement to ASX

Last day of trading in Decimal Shares – Decimal Shares suspended from trading on ASX from close of trading on ASX 13 December 2018

**Record Date for Scheme Consideration** 5.00 pm (Perth time) on 17 December 2018

### Implementation Date

Issue of Scheme Consideration to Scheme Shareholders 24 December 2018

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and any other Government Agency. Any changes to the above timetable (which may include an earlier or later date for the Second Court Hearing) will be announced through ASX and notified on Decimal's website at [www.decimal.com.au](http://www.decimal.com.au).

All references to time in this Scheme Booklet are references to Perth time unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

# Letter from the Chairman of Decimal

Dear Decimal Shareholder,

## **Proposed acquisition by Sargon Capital Pty Ltd**

On 20 September 2018, Decimal announced that it had entered into a Scheme Implementation Agreement with Sargon Capital Pty Ltd (**Sargon**) under which, subject to the satisfaction of certain conditions contained in that Scheme Implementation Agreement, Sargon would acquire all of your shares in Decimal through a scheme of arrangement (**Scheme**).

If the Scheme is implemented, Scheme Shareholders will be paid \$0.0141 (1.41 cents) in cash for every Decimal Share held at the Record Date and acquired by Sargon upon implementation of the Scheme. This represents a premium of 76% to the last closing price of Decimal Shares on ASX prior to the announcement of the Scheme.

**The Decimal Directors have considered the advantages and disadvantages of the Scheme and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. The Decimal Directors intend to vote in favour of the Scheme with respect to any Decimal Shares they hold or control, in the absence of a Superior Proposal.**

The announcement of the Scheme follows the completion of a strategic review conducted by Decimal to assess the various potential commercial and financial options available to Decimal to fund the continued development of its automated on-line digital advice platform.

As part of that strategic review, Decimal and its advisers engaged with a wide range of parties in a competitive process to determine their potential interest in financing or acquiring Decimal and considered a range of potential opportunities. Ultimately, the Decimal Directors determined that the potential benefits that could be realised through the Scheme with Sargon provided a superior and more certain outcome for Decimal Shareholders than any of those other alternative opportunities. Further, the Decimal Directors determined that none of the other alternative opportunities identified via the strategic review were likely to be able to be implemented within a timeframe that would enable Decimal to remain financially viable.

Following the announcement of the Scheme, Decimal engaged RSM Corporate Australia Pty Ltd as an independent expert to provide Decimal Shareholders with an independent opinion on the merits of the Scheme. RSM Corporate Australia Pty Ltd has concluded that in the absence of any other relevant information and/or a superior proposal, the Scheme is fair and reasonable and in the best interests of Decimal Shareholders.

The advantages and disadvantages of the Scheme are set out in detail in Sections 1.2 and 1.3 of this Scheme Booklet.

For the Scheme to proceed, it is required to be approved by the requisite majority of Decimal Shareholders at the Scheme Meeting currently scheduled for 10.00 am on 6 December 2018 to be held at Fogarty Partners, 65 Hay Street, Subiaco, Western Australia 6008.

Your vote is important regardless of how many Decimal Shares you own. If you are unable to attend the Scheme Meeting in person, please vote by completing the Proxy Form enclosed with this Scheme Booklet and returning it in accordance with the directions on the form.

If you are in any doubt as to what action you should take in relation to the Scheme, you should consult your legal, investment, taxation or other professional adviser.

If you have any questions regarding the Scheme, please call the Chief Executive Officer or the Company Secretary on 1300 220 799 any time between 8.00 am and 5.00 pm (Perth time) Monday to Friday.

Yours sincerely

Mark Potts  
Chairman

# Action required by Decimal Shareholders

## 1 Your vote is important

**Every Decimal Shareholder is urged to vote, regardless of the size of your shareholding.**

For the Scheme to proceed, it is necessary that sufficient Decimal Shareholders vote in favour of the Scheme. If you are registered as a Decimal Shareholder at 4.00 pm (Perth time) on 4 December 2018, you will be entitled to vote on the Scheme Resolution.

## 2 Carefully read this Scheme Booklet

This Scheme Booklet is an important document and you should read it carefully and in its entirety (including the reasons to vote in favour of the Scheme and the reasons not to vote in favour of the Scheme as set out in Section 1) before making any decision on how to vote on the Scheme Resolution.

There are answers to questions you may have about the Scheme set out in the “Frequently asked questions” in Section 3. If you have any additional questions in relation to this Scheme Booklet or the Scheme, please call the Chief Executive Officer or the Company Secretary on 1300 220 799.

## 3 Notice of Scheme Meeting

The Scheme will be voted on by Decimal Shareholders at the Scheme Meeting to be held at the Boardroom of Fogarty Partners, 65 Hay Street, Subiaco, Western Australia 6008 on 6 December 2018, commencing at 10.00 am (Perth time).

The Notice of Scheme Meeting is contained in Annexure D to this Scheme Booklet.

## 4 How to vote

You may vote on the Scheme by attending the Scheme Meeting in person, or by proxy, attorney or, in the case of a corporation which is a Decimal Shareholder, by corporate representative.

Further information on the method of voting is contained in the Notice of Scheme Meeting contained in Annexure D to this Scheme Booklet.

The Scheme will not proceed unless the Scheme is approved by the requisite majority of Decimal Shareholders.

### **Voting in person**

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting. A Decimal Shareholder who wishes to attend and vote in person will be admitted to the Scheme Meeting and given a voting card at the point of entry to the meeting on disclosing their name and address.

### **Voting if you are not attending the Scheme Meeting**

To appoint a proxy to vote on your behalf in respect of the Scheme, you are able to lodge your proxy online at [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR code on your proxy form with your smartphone and follow the prompts. Alternatively, you are able to appoint a proxy by

completing the enclosed personalised Proxy Form in accordance with the instructions and returning it by hand, post or facsimile. If your proxy is signed by an attorney, please also enclose the authority under which the proxy is signed (or a certified copy of the authority).

Proxy appointments and powers of attorney must be received by the Decimal Registry by no later than 10.00 am (Perth time) on 4 December 2018 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting). Proxy appointments and powers of attorney received after this time will not be effective.

Information setting out how you may vote by appointment of a proxy or attorney is contained in the Notice of Scheme Meeting.

## 5 Voting entitlement

Each Decimal Shareholder who is registered on the Register at 4.00 pm (Perth time) on 4 December 2018 is entitled to attend and vote at the Scheme Meeting, in person or by proxy or attorney or, in the case of a corporation which is a Decimal Shareholder, by its representative appointed in accordance with the Corporations Act. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Voting is not compulsory.

In the case of Decimal Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Decimal Shares, only the vote of the Decimal Shareholder whose name appears first in the Register will be counted.

## 6 Further information

For further information, please call the Chief Executive Officer or the Company Secretary on 1300 220 799.

# 1 Directors' recommendation and matters relevant to your vote on the Scheme

## 1.1 The Decimal Directors unanimously recommend you vote in favour of the Scheme

The Decimal Directors unanimously recommend that Decimal Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

Each Decimal Director who holds or controls Decimal Shares intends to vote in favour of the Scheme, subject to there being no Superior Proposal.

In making their recommendation and determining how to vote on the Scheme, the Decimal Directors have considered the advantages and disadvantages of the Scheme and in particular, the following:

- the reasons for Decimal Shareholders to vote in favour of the Scheme, as set out in Section 1.2;
- the potential disadvantages of the Scheme, as set out in Section 1.3;
- the risks associated with the Scheme and its implementation (as set out in Section 6.2), the risks to Decimal if the Scheme does not proceed and the risks associated with Decimal's business and operations (as set out in Sections 6.3 and 6.4), and general market risks (as set out in Section 6.5); and
- the Independent Expert's Report, which is contained in Annexure A to this Scheme Booklet.

The advantages, disadvantages and risks of the Scheme may affect Decimal Shareholders in different ways depending on their individual circumstances.

In considering whether to vote in favour of the Scheme, the Decimal Directors encourage you to:

- read the whole of this Scheme Booklet (including the risks outlined in Section 6 and the Independent Expert's Report contained in Annexure A to this Scheme Booklet);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- obtain financial advice from your broker or financial adviser on the Scheme, and obtain taxation advice on the effect of the Scheme becoming Effective, which takes into account your particular circumstances;
- consider current trading prices of Decimal Shares on the ASX; and
- consider the potential trading price of Decimal Shares if the Scheme is not approved by Decimal Shareholders and the Scheme is not subsequently implemented.

The interests of Decimal Directors are disclosed in Section 9.1 of this Scheme Booklet.

## 1.2 Why you should vote in favour of the Scheme

**The Decimal Directors have unanimously formed the view that the Scheme is in the best interests of Decimal Shareholders and recommend that Decimal Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal, for the reasons set out below.**

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1	The Independent Expert has concluded that in the absence of any other relevant information and/or a superior proposal, the Scheme is fair and reasonable and therefore is in the best interests of Decimal Shareholders
2	No Superior Proposal has emerged since the announcement of the Scheme
3	The Scheme Consideration is all cash and provides certainty of value to Decimal Shareholders
4	The Scheme Consideration of \$0.0141 (1.41 cents) cash per Scheme Share represents an attractive premium over the trading prices of Decimal Shares prior to the announcement of the Scheme
5	No brokerage costs or stamp duty will be payable by you on the transfer of your Scheme Shares to Sargon on the implementation of the Scheme
6	If the Scheme does not proceed, and no Superior Proposal emerges, the future of Decimal as a going concern is uncertain
7	The price of Decimal Shares may fall if the Scheme is not implemented and no Superior Proposal emerges

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**(a) The Independent Expert has concluded that in the absence of any other relevant information and/or a superior proposal, the Scheme is fair and reasonable and therefore is in the best interests of Decimal Shareholders**

The Independent Expert, RSM Corporate Australia Pty Ltd, has concluded that, in the absence of any other relevant information and/or a superior proposal, the Scheme is fair and reasonable to Decimal Shareholders and, as such, that the Scheme is in the best interests of Decimal Shareholders.

The Independent Expert has assessed the value of a Decimal Share as being between \$0.010 (1.0 cents) and \$0.0135 (1.35 cents) with a preferred mid-point value of \$0.0117 (1.17 cents), on a controlling basis.

The Independent Expert's Report is contained in Annexure A to this Scheme Booklet, and Decimal Shareholders are encouraged to read the report in full.

**(b) No Superior Proposal has emerged since the announcement of the Scheme**

Since the announcement of the Scheme on 20 September 2018, and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the Decimal Board is not aware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Agreement prohibits Decimal from seeking competing proposals. However, it does not prevent a third party from making an alternative proposal and does not prevent Decimal from responding to any such unsolicited proposal if failing to do so would be considered by the Decimal Directors to breach their fiduciary and statutory duties. However, under the Scheme Implementation Agreement, Sargon is afforded a right to match any competing proposal received which the Decimal Board determines would be, or would be likely to be, a Superior Proposal.

No break fee is payable to Sargon under the Scheme Implementation Agreement if the Scheme does not proceed because a Superior Proposal has emerged which Sargon has decided not to match.

Decimal will notify Decimal Shareholders if a Superior Proposal is received before the Scheme Meeting.

**(c) The Scheme Consideration is all cash and provides certainty of value to Decimal Shareholders**

The cash payment of \$0.0141 (1.41 cents) per Scheme Share provides certainty of value in relation to realising an investment in Decimal Shares.

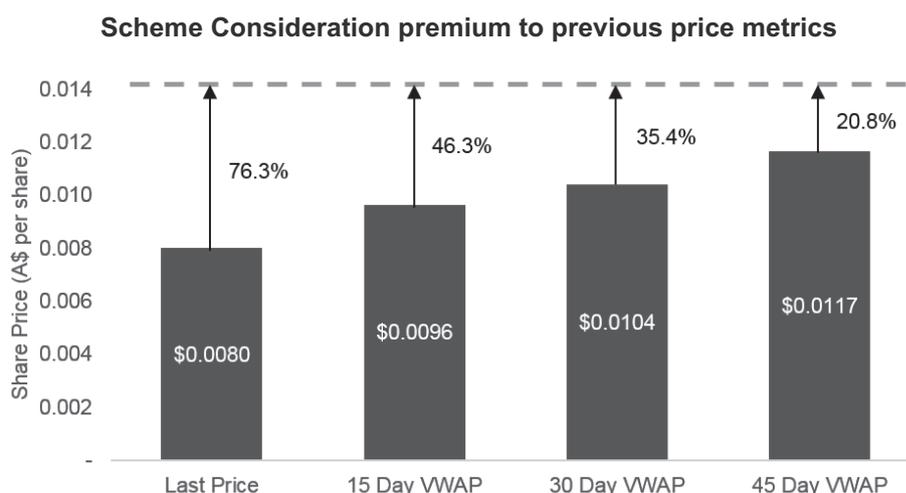
The certainty of the all cash Scheme Consideration should be compared with the risks and uncertainties of remaining a Decimal Shareholder. If the Scheme does not proceed, you will not receive the Scheme Consideration and the value which you may realise for your investment in Decimal will necessarily be less certain.

**(d) The Scheme Consideration of \$0.0141 (1.41 cents) cash per Scheme Share represents an attractive premium over the trading prices of Decimal Shares prior to announcement of the Scheme**

The Scheme Consideration of \$0.0141 (1.41 cents) cash for each Scheme Share, which will be paid to Scheme Shareholders if the Scheme is approved and implemented, represents an attractive premium to trading prices for Decimal Shares on the ASX prior to the announcement of the Scheme on 20 September 2018.

The Scheme Consideration of \$0.0141 (1.41 cents) cash per Scheme Share represents a:

- 76.3% premium to the closing price of \$0.0080 per Decimal Share on 20 September 2018, being the last trading day prior to the announcement of the Scheme;
- 46.3% premium to the 15 day VWAP to 20 September 2018 of \$0.0096;<sup>1</sup>
- 35.4% premium to the 30 day VWAP to 20 September 2018 of \$0.0104;<sup>1</sup> and
- 20.8% premium to the 45 day VWAP to 20 September 2018 of \$0.0117.<sup>1</sup>



Source: Bloomberg

<sup>1</sup> VWAP is calculated based on cumulative value traded on ASX divided by cumulative volume traded on ASX up to and including 20 September 2018.

**(e) No brokerage costs or stamp duty will be payable by you on the transfer of your Scheme Shares if the Scheme proceeds**

Decimal Shareholders will not be required to pay any brokerage, stamp duty or other costs in connection with the disposal of their Decimal Shares to Sargon under the Scheme.

**(f) If the Scheme does not proceed, and no Superior Proposal emerges, the future of Decimal as a going concern is uncertain**

If the Scheme does not proceed, the Decimal Directors believe that there would be significant uncertainty regarding Decimal's ability to continue as a going concern in the absence of a Superior Proposal emerging.

In such circumstances, the Decimal Directors expect that Decimal will need to raise additional working capital immediately following the termination of the Scheme to repay any amounts that have been drawn down and remain unpaid under the Sargon Loan Facilities and to fund Decimal's ongoing activities. In this regard, it is noted that amounts drawn down under the Sargon Loan Facilities have a fixed maturity date such that their due date for repayment is unaffected by whether the Scheme proceeds.

Any additional funding through share issues is dependent upon market conditions at the time. Debt financing may not be available, and even if available, it may impose restrictions on operating activities or any expansion of Decimal's operations.

If no additional funding is available to Decimal in time to meet its various commitments, it is likely that an administrator would need to be appointed.

**(g) The price of Decimal Shares may fall if the Scheme is not implemented and no Superior Proposal emerges**

If the Scheme is not implemented, and in the absence of a Superior Proposal, the price of Decimal Shares on ASX may fall. See Section 4.6 of this Scheme Booklet for an overview of prices at which Decimal Shares have recently traded on ASX before and after the announcement of the Scheme.

The Decimal Directors also note the concerns outlined in Sections 1.2(f), 1.4(a) and 6.3(a) regarding Decimal's ability to continue as a going concern in the absence of securing additional funding and the risks associated with an administrator needing to be appointed to Decimal.

### **1.3 Potential disadvantages or risks associated with the Scheme**

The Scheme has a number of potential disadvantages and risks that Decimal Shareholders should consider in deciding whether or not to vote in favour of the Scheme.

While the Decimal Board is of the opinion that these disadvantages and risks are outweighed by the Scheme's advantages, and that the Scheme is in the best interests of Decimal Shareholders in the absence of a Superior Proposal, Decimal Shareholders should consider their individual circumstances in determining how to vote in relation to the Scheme.

Section 6 discusses the risk factors relating to Decimal and the Scheme, including the risks that will apply if the Scheme does not proceed. Decimal Shareholders are encouraged to read that section in its entirety.

**(a) You may disagree with the recommendations by the Independent Expert and the Decimal Directors**

Notwithstanding the unanimous recommendation by the Decimal Directors, and the conclusion reached by the Independent Expert that in the absence of any other relevant information and/or a superior proposal, the Scheme is fair and reasonable to Decimal Shareholders and therefore in the best interests of Decimal Shareholders, you may believe

that the Scheme is not in your best interests and believe that the Scheme Consideration is inadequate.

**(b) You may consider that there is the potential for a Superior Proposal to be made to Decimal in the foreseeable future**

It is possible that a Superior Proposal for Decimal may materialise in the future which is more attractive for Decimal Shareholders than the Scheme. The implementation of the Scheme would mean that Decimal Shareholders would not be able to obtain the benefit of any such proposal.

Since the announcement of the Scheme on 20 September 2018 and up to the Last Practicable Date, the Decimal Board has not become aware of any such proposal, nor are they aware of any party with an intention to make such a proposal.

Decimal Shareholders should be aware that before proceeding with the Scheme, the Decimal Directors undertook a strategic review to consider potential commercial and financial options available to Decimal.

As part of that strategic review, Decimal and its advisers engaged with a wide range of parties in a competitive process to determine their potential interest in financing or acquiring Decimal. The Decimal Directors considered a range of potential opportunities and determined that the potential benefits that could be realised through the Scheme with Sargon provided a superior and more certain outcome for Decimal Shareholders than any of those other alternative opportunities. Further, the Decimal Directors determined that none of the other alternative opportunities identified via the strategic review were likely to be able to be implemented within a timeframe that would enable Decimal to remain financially viable.

**(c) You may prefer to participate in the future financial performance of the Decimal business, and may consider that the Scheme does not appropriately capture Decimal's long term potential**

If the Scheme is approved and implemented, you will cease to be a Decimal Shareholder. As such, you will no longer be able to participate in the future financial performance or future prospects of Decimal's ongoing business, including any benefits that may result from being a Decimal Shareholder.

You may consider that Decimal has stronger long-term growth potential and that the Scheme Consideration of \$0.0141 (1.41 cents) per Scheme Share does not fully reflect your views on long term value. You may therefore prefer to retain your listed Decimal Shares and realise their value over the longer term. However, there is no guarantee as to Decimal's future performance, as with all investments in listed securities. Further, you should be aware of the risks of remaining a Decimal Shareholder, including in circumstances where the Scheme does not proceed. These are also discussed in Section 6.

You should also be aware that the Scheme may be implemented even if you do not vote, or vote against the Scheme (see Section 1.4(b)).

**(d) You may believe it is the wrong time to divest your Decimal Shares**

You may believe that Decimal Shareholders will have the opportunity for greater returns over the long term when compared to the Scheme Consideration.

In assessing and recommending the Scheme, the Decimal Directors have evaluated the benefits and risks of Decimal continuing its current operations (including the risks associated with Decimal's ongoing financial viability) against the value of the Scheme. In deciding that they should recommend the Scheme, the Decimal Directors determined that, on balance, the Scheme was more favourable to Decimal Shareholders than continuing with Decimal's current operations.

**(e) The tax consequences of the Scheme may not suit your current financial position**

Implementation of the Scheme may trigger taxation consequences for Scheme Shareholders. These tax implications are likely to differ depending upon the individual circumstances of each Decimal Shareholder, including factors such as whether the relevant Decimal Shares are held on capital account (and if so, the cost base of the relevant Decimal Shares) and the jurisdiction in which the relevant Decimal Shareholder resides.

A general guide to the taxation implications of the Scheme is set out in Section 7. This guide is expressed in general terms only and Decimal Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

## **1.4 Other relevant considerations**

**(a) Implications for Decimal if the Scheme is not implemented**

If the Scheme is not implemented, each Decimal Shareholder will retain their Decimal Shares and will not receive the Scheme Consideration.

In these circumstances, the Decimal Directors believe that there would be significant uncertainty regarding Decimal's ability to continue as a going concern in the absence of a Superior Proposal emerging.

In such circumstances, the Decimal Directors expect that Decimal will need to raise additional working capital immediately following the termination of the Scheme to repay any amounts that have been drawn down and remain unpaid under the Sargon Loan Facilities and to fund Decimal's ongoing activities.

Any additional funding through share issues is dependent upon market conditions at the time. Debt financing may not be available, and even if available, it may impose restrictions on operating activities or any expansion of the Company's operations.

If no additional funding is available to Decimal in time to meet its various commitments, it is likely that an administrator would need to be appointed.

**(b) The Scheme may be implemented even if you do not vote, or vote against the Scheme**

You should be aware that even if you do not vote, or if you vote against the Scheme, the Scheme may still be implemented if it is approved by the requisite majority of Decimal Shareholders and by the Court.

If this occurs and you are a Decimal Shareholder, your Decimal Shares will be transferred to Sargon and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

**(c) Costs of the Scheme**

Decimal has already incurred, and will incur, significant costs in responding to the proposed Scheme and revisions of that proposal to the point that it is capable of being provided to Decimal Shareholders as a scheme of arrangement for their consideration. These costs include negotiation with Sargon, retention of advisers, provision of information to Sargon, facilitating Sargon's access to due diligence, conducting due diligence on Sargon, engagement of the Independent Expert and the preparation of this Scheme Booklet.

If the Scheme is not implemented in circumstances where no Superior Proposal emerges and is completed, Decimal will not receive any material value for the costs it has incurred in connection with the Scheme.

**(d) Conditionality of the Scheme**

The implementation of the Scheme is subject to a number of Conditions Precedent which are summarised in Sections 2.8 and 8.2 and set out in schedule 1 of the Scheme Implementation Agreement and clause 3.1 of the Scheme (a copy of which is contained in Annexure B to this Scheme Booklet).

If the Conditions Precedent are not satisfied or waived (as applicable), the Scheme will not be implemented and Decimal Shareholders will not receive the Scheme Consideration.

## 2 Summary of the Scheme

### 2.1 Background

On 20 September 2018, Decimal announced the proposed scheme of arrangement between Decimal and its shareholders. If the Scheme proceeds:

- all Scheme Shares will be transferred to Sargon;
- all Decimal Shareholders as at the Record Date (whether or not they voted for or against the Scheme) will receive the Scheme Consideration, being \$0.0141 (1.41 cents) cash per Scheme Share; and
- Decimal will apply to be de-listed from ASX and will become a wholly-owned subsidiary of Sargon.

This Scheme Booklet contains important information that the Decimal Board believes Decimal Shareholders should consider in deciding whether or not to vote in favour of the Scheme.

### 2.2 What you will receive

If the Scheme is approved and implemented, eligible Decimal Shareholders will receive \$0.0141 (1.41 cents) in cash for every Decimal Share held as at the Record Date.

### 2.3 Provision of Scheme Consideration

If the Scheme becomes Effective:

- Sargon must, no later than 2 Business Days before the Implementation Date, deposit the aggregate amount of the Scheme Consideration in cleared funds into a trust account to be held on trust for the Scheme Shareholders for the purpose of paying the Scheme Consideration to each Scheme Shareholder (except that the amount of any interest on the amount deposited, less bank fees and other charges, will be to Sargon's account);
- on the Implementation Date, subject to funds having been deposited as set out above, Decimal must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder;
- Decimal will apply to ASX to suspend trading on ASX in Decimal Shares with effect from the close of trading on ASX on the Effective Date; and
- after the Scheme has been fully implemented, Decimal will apply to have itself removed from the official list of ASX.

### 2.4 Recommendation and voting intentions of Decimal Directors

For the reasons set out in Section 1, the Decimal Directors unanimously recommend that Decimal Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.

The interests of Decimal Directors are disclosed in Section 9.1 of this Scheme Booklet.

If a Superior Proposal emerges, this will be announced to the ASX and the Decimal Directors will carefully reconsider the Scheme and advise you of their recommendation.

Each of the Decimal Directors intend to vote all Decimal Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.

## 2.5 Independent Expert's conclusions

The Decimal Directors commissioned the Independent Expert, RSM Corporate Australia Pty Ltd, to prepare a report on whether the transaction contemplated by the Scheme is in the best interests of Scheme Shareholders.

The Independent Expert has concluded that in the absence of any other relevant information and/or a superior proposal, the Scheme is fair and reasonable and therefore in the best interests of Decimal Shareholders.

For further details, you should refer to Section 1.2(a) and the Independent Expert's Report which is set out in full in Annexure A to this Scheme Booklet.

## 2.6 Your choices as a Decimal Shareholder

As a Decimal Shareholder, you have three choices currently available to you, which are as follows:

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### Option 1 – Vote at the Scheme Meeting

You can vote at the Scheme Meeting in person or by proxy, attorney or (in the case of corporations who are Decimal Shareholders) corporate representative, in respect of some or all of your Decimal Shares. Details of how to vote are set out on pages 5 to 6 of this Scheme Booklet and are also included in the Notice of Scheme Meeting contained in Annexure D to this Scheme Booklet.

You may vote in favour of, or against, the Scheme Resolution. You may also abstain from voting on the Scheme Resolution. If you abstain from voting, your votes will not be counted in computing the required majority.

If you vote against the Scheme Resolution or abstain from voting on the Scheme Resolution and the Scheme is approved and becomes Effective, then any Decimal Shares you hold on the Record Date will be transferred to Sargon and you will receive the Scheme Consideration for each of your Decimal Shares.

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### Option 2 – Sell your Decimal Shares on ASX

You can sell your Decimal Shares on ASX at any time before close of trading on the Effective Date. If you sell your Decimal Shares on ASX, you may incur brokerage costs. If you sell your Decimal Shares before the Record Date, you will not receive the Scheme Consideration.

Decimal will not accept for registration any off-market transfers in respect of Decimal Shares received after the Record Date, other than a transfer to Sargon in accordance with the Scheme and any subsequent transfer by Sargon, or its successors in title.

If the Scheme becomes Effective, it is expected that Decimal Shares will be suspended from trading on ASX at the close of trading on the Effective Date.

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### Option 3 – Do nothing

If you do not wish to vote for or against the Scheme, or sell your Decimal Shares on ASX, you may choose to do nothing.

If you do nothing and the Scheme is approved by Decimal Shareholders and becomes Effective, then your Scheme Shares will be transferred to Sargon and you will be paid the Scheme Consideration.

If you do nothing and the Scheme is not approved, Decimal will continue to be listed on the ASX and Decimal Shareholders will continue to be exposed to movements in the price of Decimal Shares on ASX and the risks associated with remaining a Decimal Shareholder (see Section 6).

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## 2.7 Other alternatives considered

Decimal Shareholders should be aware that, before proceeding with the Scheme, the Decimal Directors undertook a strategic review to consider potential commercial and financial options available to Decimal.

As part of the strategic review, Decimal and its advisers engaged with a wide range of parties in a competitive process to determine their potential interest in financing or acquiring Decimal. The Decimal Directors considered a range of potential opportunities and determined that the potential benefits that could be realised through the Scheme with Sargon provided a superior and more certain outcome for Decimal Shareholders than any of those other alternative opportunities. Further, the Decimal Directors determined that none of the other alternative opportunities identified via the strategic review were likely to be able to be implemented within a timeframe that would enable Decimal to remain financially viable.

Since the Scheme was announced, no Competing Proposal has emerged.

## 2.8 Conditions of the Scheme

The Scheme is subject to a number of Conditions Precedent in addition to the requisite majorities of shareholders approving the Scheme Resolution, including:

- the Court approving the Scheme;
- no temporary restraining order, preliminary or permanent injunction or other order preventing the Scheme being in effect;
- no Material Transaction or Material Adverse Change occurring;
- each holder of Decimal Options agreeing to the cancellation of all of their Decimal Unexpired Options (subject to the Scheme becoming Effective) for nil consideration;
- the Third Party Consents (to the extent required) in respect of the Key Customer Contracts being obtained on terms acceptable to Sargon (acting reasonably);
- Decimal confirming in writing to Sargon that each Material Contract has a term of at least 12 months from the Effective Date; and
- the Rocking Horse Facility being repaid in full using R&D rebates Decimal receives from the Australian Tax Office.

The Scheme will not proceed unless all the Conditions Precedent are satisfied or waived in accordance with the Scheme Implementation Agreement. Further information regarding these Conditions Precedent and other conditions to the Scheme are set out in Sections 8.2 and 8.8.

As at the date of this Scheme Booklet, Decimal is not aware of any circumstances which would cause the Conditions Precedent to the Scheme referred to above and set out in more detail in Section 8.2 not to be satisfied.

## 2.9 If the Scheme does not proceed

If the Scheme does not proceed, Decimal Shareholders will continue to hold Decimal Shares.

In the absence of any Competing Proposal to the Scheme, Decimal will need to consider if there are any viable options to continue as a stand-alone entity. Decimal Shareholders will be exposed to the risks relating to Decimal's business set out in Section 6, including the need for near term funding to continue operations and to repay any amounts drawn down under the Sargon Loan Facilities by their due date so as to remain solvent. Further

information regarding the Sargon Loan Facilities is set out in Sections 4.4(d) and 9.5 of this Scheme Booklet.

As noted in Section 1.4(c), Decimal will be liable to pay certain transaction costs in relation to the Scheme, regardless of whether or not the Scheme is implemented.

## **2.10 Tax implications**

The transfer of your Decimal Shares pursuant to the Scheme may be a taxable transaction for you. You should seek your own professional advice regarding the individual tax consequences applicable to you. A summary of the relevant Australian tax consequences for Decimal Shareholders is contained in Section 7 of this Scheme Booklet.

## **2.11 No brokerage or stamp duty**

No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares to Sargon under the Scheme.

## **2.12 Warranties by Decimal Shareholders**

The Scheme provides that each Scheme Shareholder is taken to have warranted to Decimal, in its own right and for the benefit of Sargon, that all their Scheme Shares which are transferred under the Scheme will be free from all mortgages, pledges, charges, liens, encumbrances and security interests and other interests of third parties of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares to Sargon.

If you have any concerns about your ability to give this warranty, you should speak to your professional adviser.

## **2.13 Treatment of Decimal Unexpired Options**

Under the Scheme Implementation Agreement, Decimal must procure that as soon as practicable, each holder of Decimal Options enters into a deed with Decimal under which the holder agrees to the cancellation of all of their Decimal Unexpired Options for nil consideration, subject to the Scheme becoming Effective. The cancellation of these Decimal Unexpired Options for nil consideration is one of the Conditions Precedent to the Scheme being implemented. Each holder of Decimal Unexpired Options has agreed to the cancellation of all of their Decimal Unexpired Options for nil consideration (subject to the Scheme becoming Effective) such that this Condition Precedent has now been satisfied.

### 3 Frequently asked questions

Question	Answer	Further information
<b>General questions</b>		
<b>What are Decimal Shareholders being asked to consider?</b>	On 20 September 2018, Decimal announced the Transaction on ASX. The Transaction is a proposed acquisition of Decimal by Sargon to be implemented by way of a scheme of arrangement between Decimal and Decimal Shareholders under which all of the Scheme Shares will be transferred to Sargon in consideration for the payment by Sargon of the Scheme Consideration.	Section 2.1 and Annexure B
<b>What consideration will I receive?</b>	Decimal Shareholders will receive \$0.0141 (1.41 cents) in cash for every Decimal Share they hold as at the Record Date.	Section 2.2
<b>Will I have to pay brokerage fees or stamp duty in respect of Scheme Consideration?</b>	No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares to Sargon under the Scheme.	Section 2.11
<b>Can I sell my Decimal Shares on the ASX?</b>	You can sell your Decimal Shares on the ASX prior to (and on) the Effective Date. However, you will not be able to do so after the Effective Date. If you sell your Decimal Shares on the ASX: <ul style="list-style-type: none"> <li>• you may pay brokerage on the sale; and</li> <li>• there may be different tax consequences for you compared to those that would arise under the implementation of the Scheme.</li> </ul>	Sections 2.6 and 8.10
<b>What are the tax implications of the Transaction?</b>	The transfer of your Decimal Shares pursuant to the Scheme may be a taxable transaction for you. You should seek your own professional advice regarding the individual tax consequences applicable to you. A summary of the relevant Australian tax consequences for Decimal Shareholders is contained in Section 7 of this Scheme Booklet.	Section 7
<b>Decimal Directors' recommendation and opinion of the Independent Expert</b>		
<b>What do the Decimal Directors recommend?</b>	All of the Decimal Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.	Section 1.1
<b>What is the opinion of the Independent Expert?</b>	The Independent Expert has concluded that in the absence of any other relevant information and/or a superior proposal, the Scheme is fair and reasonable and therefore in the best interests of Decimal Shareholders.	Section 1.2(a) and Annexure A
<b>Transaction details</b>		
<b>Who is Sargon?</b>	Sargon is an Australian proprietary company, registered on 16 October 2015. Sargon provides financial institutions and entrepreneurs with the	Section 5

Question	Answer	Further information
	<p>technology and infrastructure they need to successfully build and grow investment funds through its platform.</p> <p>Operating across Australia, New Zealand and Hong Kong, Sargon's combination of modern technology, financial licenses and industry experts navigate regulatory complexity, security and compliance.</p>	
<b>What is the Scheme?</b>	<p>The Scheme is a scheme of arrangement between Decimal and Decimal Shareholders at the Record Date.</p> <p>A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire another company. The Scheme will effect the acquisition of Decimal by Sargon.</p> <p>If the Scheme is approved and implemented, Decimal Shareholders will receive \$0.0141 (1.41 cents) in cash for every Decimal Share they hold as at the Record Date.</p>	Section 2 and Annexure B
<b>Why has the Transaction been structured as a scheme of arrangement?</b>	<p>The Decimal Directors believe a scheme of arrangement to be the most efficient structure to implement the Transaction. The scheme of arrangement structure also provides Decimal Shareholders with additional protection through the involvement of ASIC and the Court in the implementation of the Transaction.</p>	
<b>What is the timetable of the Transaction?</b>	<p>The Scheme Meeting is currently scheduled to be held on 6 December 2018. If Decimal Shareholders approve the Scheme and Court approval is obtained, the Scheme is expected to be implemented in December 2018. This is based on the current scheduled timetable of key dates as set out on page 2 of this Scheme Booklet, which is subject to possible change.</p>	Important Dates on page 2
<b>When and how will I receive the Scheme Consideration?</b>	<p>The payment of the Scheme Consideration will occur on the Implementation Date, currently expected to be in December 2018.</p> <p>The Scheme Consideration will be paid in Australian currency either by direct payment to your nominated bank account (if you have validly registered bank account details with the Decimal Registry by the Record Date) or otherwise by cheque despatched to your registered address on the Implementation Date.</p>	Sections 2.2 and 2.3
<b>Under what scenarios can Decimal or Sargon terminate the transaction?</b>	<p>The Scheme Implementation Agreement provides for situations where either Decimal or Sargon have the right to terminate it and the Scheme. These include the Scheme not being approved by the required majorities of Decimal Shareholders, the Court refusing to approve the Scheme (or various other situations relating to restraining orders and similar restraints), the Effective Date for the Scheme not occurring by the End Date (being 31 December 2018 unless otherwise agreed between Decimal and Sargon), material breach by the other party (subject to certain provisions regarding notice and remedy of the breach) and situations relating to failure to satisfy Conditions Precedent.</p>	Section 8.5
<b>Why is Sargon loaning Decimal money?</b>	<p>Sargon has agreed to provide Decimal with two loan facilities (being the Sargon Loan Facility A and the Sargon Loan Facility B), each of up to \$300,000, for general working capital use. As at the Last Practicable Date, Decimal has drawn down the Sargon Loan Facility A in full.</p>	Sections 4.4(d) and 9.5

Question	Answer	Further information
<b>Scheme details and voting</b>		
<b>When and where will the Scheme Meeting be held?</b>	The Scheme Meeting will be held at Fogarty Partners, 65 Hay Street, Subiaco, Western Australia 6008 on 6 December 2018 at 10.00 am (Perth time).	Annexure D
<b>Am I entitled to vote?</b>	Each Decimal Shareholder who is registered on the Register at 4.00 pm (Perth time) on 4 December 2018 is entitled to attend and vote at the Scheme Meeting.	Annexure D
<b>What are my options?</b>	<p>You may:</p> <ul style="list-style-type: none"> <li>vote in favour of, or against the Scheme Resolution at the Scheme Meeting in person or by proxy, attorney or (in the case of corporations who are Decimal Shareholders) corporate representative;</li> <li>sell your Decimal Shares on ASX at any time before close of trading on the Effective Date; or</li> <li>do nothing.</li> </ul>	Section 2.6
<b>Is my vote important?</b>	<p>Every vote is important.</p> <p>For the Scheme to proceed, it is necessary that sufficient Decimal Shareholders vote in favour of the Scheme.</p>	
<b>How do I vote?</b>	Details of how to vote are set out on pages 5 to 6 of this Scheme Booklet and are also included in the Notice of Scheme Meeting in Annexure D of this Scheme Booklet.	Annexure D
<b>What happens if I don't vote or if I vote against the Scheme?</b>	If the Scheme becomes Effective and you are a Decimal Shareholder as at the Record Date, then all of your Scheme Shares will be transferred to Sargon and you will receive the Scheme Consideration in accordance with the Scheme (and no further action will be required by you). This will apply to all such shareholders, including those who may have voted against the Scheme or not at all.	Section 1.4(b)
<b>How do I vote if I am not able to attend the meetings?</b>	<p>If you are unable to attend the Scheme Meeting in person, you can lodge your proxy form online at <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or scan the QR code on your proxy form with your smartphone and follow the prompts.</p> <p>Alternatively, complete and return the Proxy Form accompanying this Scheme Booklet by post to Computershare Investor Services Pty Limited at GPO Box 242, Melbourne Victoria 3001, Australia, or by fax to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).</p> <p>Proxy forms can also be hand delivered to Decimal at 1/174 Hampden Road, Nedlands, Western Australia 6009, Australia.</p> <p>The deadline for lodging your proxy is 10.00 am (Perth time) on 4 December 2018.</p>	Annexure D
<b>What vote is required to approve the Scheme?</b>	<p>For the Scheme to proceed, the Scheme Resolution must be passed by:</p> <ul style="list-style-type: none"> <li>a majority (more than 50%) in number of Decimal Shareholders who vote on the Scheme Resolution; and</li> <li>at least 75% of the votes cast on the Scheme Resolution.</li> </ul> <p>The Court has the discretion to waive the first of these two requirements if it considers appropriate to do so.</p>	Section 8.8 and Annexure D

Question	Answer	Further information
<b>How do the Decimal Directors intend to vote?</b>	Each of the Decimal Directors intend to vote any Decimal Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.	Section 2.4
<b>When will the result of the Scheme Meeting be known?</b>	The result of the Scheme Meeting will be available shortly after the conclusion of the meeting and will be announced to ASX when available. Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to the further approval of the Court.	
<b>How will the Transaction be implemented?</b>	<p>If the Scheme becomes Effective, no further action is required on the part of the Scheme Shareholders in order to implement the Scheme.</p> <p>Under the Scheme, Decimal is given authority to effect a valid transfer of all Scheme Shares to Sargon and to enter the name of Sargon in the Register as holder of all Scheme Shares.</p> <p>If the Scheme becomes Effective, each Scheme Shareholder will receive the Scheme Consideration on the Implementation Date for each Decimal Share they hold as at the Record Date and Decimal will apply to be delisted from ASX.</p>	Sections 2.3, 8.13 and 8.14
<b>What happens if the Scheme is not approved?</b>	<p>If the Scheme is not approved by Decimal Shareholders, the Scheme will not be implemented, the Scheme will not proceed and Decimal Shareholders will not receive the Scheme Consideration. Decimal Shareholders will continue to hold their Decimal Shares and be subject to the risks associated with remaining a Decimal Shareholder.</p> <p>In these circumstances, and in the absence of a Superior Proposal emerging, there is expected to be significant uncertainty regarding Decimal's ability to continue as a going concern. Further, Decimal is likely to need to raise additional working capital immediately following the termination of the Transaction to fund its ongoing activities and to repay any amounts drawn down under the Sargon Loan Facilities (if any) by their due date.</p> <p>Any additional funding through share issues is dependent upon market conditions at the time. Debt financing may not be available, and even if available, it may impose restrictions on operating activities or any expansion of Decimal's operations.</p> <p>If no additional funding is available to Decimal in time to meet its various commitments, it is likely that an administrator would need to be appointed.</p>	Sections 1.2(f), 1.4(a), 2.9 and 6.3
<b>Are there any other conditions to be satisfied with respect to the Scheme?</b>	<p>The Scheme must be approved by the required shareholder majorities and the Court. The Scheme is also subject to a number of Conditions Precedent discussed at Sections 2.8 and 8.2 of this Scheme Booklet, which include no Material Adverse Change and no Material Transaction having occurred.</p> <p>These Conditions Precedent must be satisfied or waived for the Scheme to proceed.</p>	Sections 2.8 and 8.2
<b>What if I want to make a formal objection?</b>	If you wish to object to the Scheme at the Court hearing for the approval of the Scheme, or to make a complaint to ASIC about the Scheme, you should seek legal advice. The Court hearing for the approval of the Scheme is currently scheduled for 10.15 am (Perth time) on 13 December 2018.	

## 4 Profile of Decimal

### 4.1 Introduction

Decimal is an ASX-listed Australian public company (ASX: DSX). Decimal's primary focus is to seek to make financial advice available to all Australians via advice delivery technology solutions.

Whilst Decimal was originally admitted to the official list of ASX on 21 April 1994, it was re-admitted to the official list of ASX in 2014 following the acquisition of the Decimal business. Decimal is a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting obligations under the Corporations Act and the ASX Listing Rules. See Section 4.8 for further information.

In addition to the information about Decimal contained in this Section 4, the Independent Expert's Report contained in Annexure A contains further detailed information on Decimal.

### 4.2 Overview of business

Decimal's purpose is to seek to make financial advice available to all Australians via advice delivery technology solutions.

Decimal partners with banks, superannuation funds and fund administrators already entrusted with customers' funds to deliver advice to the community as a whole by utilising Decimal's unique technology.

To achieve this, Decimal has developed an enterprise-focused omni channel advice delivery technology platform. Decimal's software provides financial advice to the customers of Decimal's client organisations across multiple platforms of digital, phone or face to face, across numerous topics such as savings, superannuation, insurance and retirement, as well as investments.

Further information on Decimal's business is contained in section 5 of the Independent Expert's Report, contained in Annexure A.

### 4.3 Directors and senior management

As at the date of this Scheme Booklet, the Board of Decimal comprised:

- Mr Mark Potts – Non-Executive Chairman
- Mr Gary Cox – Non-Executive Director
- Ms Pauline Vamos – Non-Executive Director
- Mr Jan Kolbusz – Non-Executive Director

### 4.4 Historical financial information

The following historical financial information for Decimal is extracted from the audited financial statements of Decimal for the years ended 30 June 2016 (**FY16**), 30 June 2017 (**FY17**) and 30 June 2018 (**FY18**).

The financial information has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act. The financial information also complies with the recognition and measurement requirements of the International Financial Reporting Standards (**IFRSs**) and interpretations issued by the International Accounting Standards Board.

The full financial accounts for FY16, FY17 and FY18 were audited by Ernst & Young. Ernst & Young issued unmodified audit reports for FY16, FY17 and FY18. There were emphasis of

matters raised by the auditors in relation to Decimal's ability to continue as a going concern for each of FY16, FY17 and FY18.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

To the knowledge of the Decimal Directors as at the date of this Scheme Booklet, in the interval between the end of FY18 and the date of this Scheme Booklet, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Decimal Directors, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years other than:

- the Sargon Loan Facilities (see Sections 4.4(d) and 9.5); and
- as otherwise disclosed in this Scheme Booklet, the FY18 financial statements and subsequent filings on ASX.

Decimal Shareholders may view complete copies of the audited financial statements of Decimal for FY16, FY17 and FY18 on ASX's website at [www.asx.com.au](http://www.asx.com.au) or on the "investors" section of the Decimal website at [www.decimal.com.au](http://www.decimal.com.au).

**(a) Statement of financial position**

Set out below is Decimal's statement of financial position for FY16, FY17 and FY18.

	2018 \$	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	67,494	1,186,358	2,005,388
Trade receivables	41,848	27,943	79,716
Prepayments	79,544	165,042	171,286
Other receivables and other current assets	818,062	1,287,434	1,775,518
<b>TOTAL CURRENT ASSETS</b>	<b>1,006,948</b>	<b>2,666,777</b>	<b>4,031,908</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current assets	9,333	11,133	7,733
Property, plant and equipment	12,182	27,707	61,769
Intangible assets	507	46,215	78,915
<b>TOTAL NON-CURRENT ASSETS</b>	<b>22,022</b>	<b>85,055</b>	<b>148,417</b>
<b>TOTAL ASSETS</b>	<b>1,028,970</b>	<b>2,751,832</b>	<b>4,180,325</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	139,156	197,439	376,684
Income in advance	20,363	1,487	-
Employee benefit liabilities	313,252	563,631	509,514
<b>TOTAL CURRENT LIABILITIES</b>	<b>472,771</b>	<b>762,557</b>	<b>886,198</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit liabilities	48,567	64,286	29,254
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>48,567</b>	<b>64,286</b>	<b>29,254</b>

	2018 \$	2017 \$	2016 \$
<b>TOTAL LIABILITIES</b>	<b>521,338</b>	<b>826,843</b>	<b>915,452</b>
<b>NET ASSETS</b>	<b>507,632</b>	<b>1,924,989</b>	<b>3,264,873</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Contributed equity	35,883,215	35,021,261	32,861,410
Reserves	945,061	935,322	839,568
Accumulated losses	(36,320,644)	(34,031,594)	(30,436,105)
<b>TOTAL EQUITY</b>	<b>507,632</b>	<b>1,924,989</b>	<b>3,264,873</b>

**(b) Statement of comprehensive income**

Set out below is Decimal's statement of comprehensive income for FY16, FY17 and FY18.

	2018 \$	2017 \$	2016 \$
Revenue	1,073,050	1,029,750	1,149,586
Finance income	10,023	43,373	57,558
R&D benefit	765,274	1,186,862	1,482,542
<b>Total revenue and other income</b>	<b>1,848,347</b>	<b>2,259,985</b>	<b>2,689,686</b>
<b>Total expenses</b>	<b>4,137,397</b>	<b>5,855,474</b>	<b>6,728,756</b>
Directors and employee benefits expense	2,598,684	3,799,955	4,319,770
Consultant expenses	175,545	146,305	237,660
Technical expenses	251,351	416,918	390,290
Professional and public listed company fees	313,158	359,840	479,994
Travel cost and entertainment	160,886	276,969	185,199
Office related expenses	191,122	213,847	495,711
Advertising, marketing and media	281,104	386,713	211,011
Other expenses	94,733	86,534	102,523
Depreciation, amortisation and impairment	61,075	72,639	147,578
Share based payment expense	9,739	95,754	159,030
<b>Loss before income tax</b>	<b>(2,289,050)</b>	<b>(3,595,489)</b>	<b>(4,039,070)</b>
Income tax benefit	-	-	-
<b>Loss for the year</b>	<b>(2,289,050)</b>	<b>(3,595,489)</b>	<b>(4,039,070)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year, net of tax</b>	<b>(2,289,050)</b>	<b>(3,595,489)</b>	<b>(4,039,070)</b>
Basic loss per share (cents per share)	(0.77)	(1.42)	(1.97)
Diluted loss per share (cents per share)	(0.77)	(1.42)	(1.97)

**(c) Statement of cash flows**

Set out below is Decimal's statement of cashflows for FY16, FY17 and FY18.

	2018 \$	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees	(4,361,763)	(5,958,218)	(6,860,636)
Receipts from sales	1,185,325	1,185,985	796,249
Receipt of research and development tax rebate	1,170,637	1,498,767	1,779,871
Interest received	12,197	45,504	61,573
<b>Net cash flows used in operating activities</b>	<b>(1,993,604)</b>	<b>(3,227,962)</b>	<b>(4,222,943)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	-	-	(2,906)
Purchases/(Proceeds) from disposal of PPE	100	(9,249)	13,169
Payments for intangible assets	-	-	(18,182)
Repayment/(Payment) on security deposit	-	213,362	3,000
<b>Net cash flows from/(used in) investing activities</b>	<b>100</b>	<b>204,113</b>	<b>(4,919)</b>
<b>Cash flows from financing activities</b>			
Receipts from share issues	867,000	2,294,985	3,500,000
Payments for share issue costs	(5,046)	(135,134)	(181,973)
Proceeds from borrowings	672,091	47,654	-
Repayment of borrowings	(659,405)	(2,686)	-
Proceeds/(Payment)/ for treasury shares	-	-	36,917
<b>Net cash flows from/(used in) financing activities</b>	<b>874,640</b>	<b>2,204,819</b>	<b>3,354,944</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,118,864)</b>	<b>(819,030)</b>	<b>(872,918)</b>
Cash at the beginning of the year	1,186,358	2,005,388	2,878,306
<b>Cash at the end of the year</b>	<b>67,494</b>	<b>1,186,358</b>	<b>2,005,388</b>

**(d) Overview of the Sargon Loan Facilities**

Decimal has entered into two separate loan facilities with Sargon to assist in financing its activities whilst the Transaction is being implemented.

On 31 July 2018, Sargon and Decimal entered into Sargon Loan Facility A under which Sargon agreed to provide Decimal with an unsecured loan facility of up to \$300,000 to assist Decimal in meeting its general working capital requirements whilst the Scheme is being implemented. Any amounts drawn down under Sargon Loan Facility A must be repaid by 31 January 2019.

On 20 September 2018, Sargon and Decimal entered into another loan facility (Sargon Loan Facility B) under which Sargon agreed to provide Decimal with an additional unsecured loan facility of up to a further \$300,000 (being \$600,000 in aggregate across the two Sargon Loan Facilities) to further assist Decimal in meeting its general working capital requirements. Decimal is only able to draw down on Sargon Loan Facility B after 31 October 2018 (and

before 31 December 2018) with any amounts drawn down being repayable by 20 March 2019.

As at the Last Practicable Date, Decimal has drawn down the Sargon Loan Facility A in full.

A summary of the key terms of the Sargon Loan Facilities is included at Section 9.5 of this Scheme Booklet.

## 4.5 Decimal securities and substantial shareholders

### (a) Decimal's issued securities

As at the Last Practicable Date, Decimal had the following securities on issue:

- 315,773,155 Decimal Shares; and
- 30,500,002 Decimal Options.

### (b) Substantial shareholders

As at the Last Practicable Date, the registered substantial shareholders in Decimal were:

Name	Number of fully paid ordinary shares held	% held of issued ordinary capital
IFM Investors Pty Ltd	47,265,181 <sup>2</sup>	14.97%
Piperlake Pty Ltd <Sertorio Family Account>	31,937,190	10.11%

### (c) Decimal Options

As at the Last Practicable Date, the classes of Decimal Options on issue were:

Number	Exercise price	Expiry date
9,000,000	0.03	30 June 2020
8,000,000	0.03	23 April 2021
5,000,000	0.04	23 April 2022
2,000,000	0.06	23 April 2023
333,333	0.10	24 May 2020
333,333	0.15	24 May 2021
333,334	0.18	24 May 2022
166,668	0.60	30 June 2019
3,000,000	0.12	27 January 2019
250,000	0.12	8 September 2019
250,000	0.24	8 September 2020
500,000	0.60	1 July 2019
666,666	0.12	14 June 2019
666,668	0.24	14 June 2020

<sup>2</sup> 28,900,000 shares escrowed until 31 January 2019.

In accordance with the Scheme Implementation Agreement, Decimal must procure that, as soon as practicable, each holder of Decimal Options enters into a deed with Decimal under which the holder agrees to the cancellation of all of their Decimal Unexpired Options for nil consideration, subject to the Scheme becoming Effective (see Sections 2.13 and 9.6 for further information). It is a Condition Precedent to the implementation of the Scheme that all of the Decimal Unexpired Options are cancelled for nil consideration.

## 4.6 Recent Decimal share price performance

The graph below shows the Decimal share price performance of shares traded from 20 September 2017 to the announcement of the Scheme on 20 September 2018 (**Announcement Date**).



Source: Bloomberg.

The highest recorded trading price at the close of trade of a Decimal Share on ASX in the 12 months before the Announcement Date was \$0.0390 on 2 February 2018.

The lowest recorded trading price at the close of trade of a Decimal Share on ASX in the 12 months before Announcement Date was \$0.0080 on 14 September 2018.

The latest recorded trading price at the close of trade of Decimal Shares on ASX before the announcement of the Scheme was \$0.008.

The trading price range at the close of trade of Decimal Shares since the Announcement Date to the Last Practicable Date was \$0.008 to \$0.014.

The latest recorded trading price of Decimal Shares on ASX as at the Last Practicable Date was \$0.012.

## 4.7 Risk factors

Risk factors relating to Decimal and its business are discussed in Section 6 of this Scheme Booklet.

## 4.8 Further information

As a company listed on ASX and a disclosing entity under the Corporations Act, Decimal is subject to regular reporting and disclosure obligations. Broadly, these require Decimal to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Decimal's recent announcements

are available from [www.asx.com.au](http://www.asx.com.au). Further announcements concerning Decimal will continue to be made available on this website after the date of this Scheme Booklet.

Decimal is required to prepare and lodge with ASIC and ASX both annual and half year financial statements accompanied by a statement and report from Decimal's Directors and an audit or review report. Decimal also lodges quarterly activity reports with ASX. Copies of these and other documents lodged with ASIC and ASX may be obtained from an ASIC office and are accessible from ASX's website at [www.asx.com.au](http://www.asx.com.au) or by visiting [www.decimal.com.au/investors/](http://www.decimal.com.au/investors/). Copies of these documents will also be made available free of charge on request to Decimal's Company Secretary in writing at 1/174 Hampden Road Nedlands WA 6009 or by phone to 1300 220 799 at any time before 9.00 am (Perth time) on the date of the Scheme Meeting.

## 5 Profile of Sargon

### 5.1 Introduction

The information contained in this Section 5 has been prepared by Sargon. The information concerning Sargon and the intentions, views and opinions contained in this section are the responsibility of Sargon. Decimal and each of the Decimal Directors assume no responsibility for the accuracy or completeness of this information.

This Section 5 includes information as to Sargon's intentions, views and opinions in relation to Decimal. These intentions, views and opinions have been formed on the basis of facts and information concerning Decimal which are known to Sargon, the general business environment and the circumstances affecting the business of Decimal, in each case, as at the date of this Scheme Booklet.

### 5.2 Overview of Sargon

Sargon is an Australian proprietary company, registered on 16 October 2015. Sargon provides financial institutions and entrepreneurs with the technology and infrastructure they need to successfully build and grow investment funds, including superannuation funds.

Operating across Australia, New Zealand and Hong Kong, Sargon's combination of modern technology, financial licenses and industry experts help clients across the superannuation and retirement savings sector to navigate regulatory complexity, security and compliance.

### 5.3 Sargon Directors

- *Robert Rankin - Independent Non-Executive Chairman*

Robert Rankin was appointed to the board on 14 May 2018. Prior to this, he jointly founded investment firm Pacific Point Partners. He spent 6 years at Deutsche Bank between 2009 and 2015, where he held the role of chief executive for Asia Pacific and later global co-head of corporate banking and securities. Prior to this, he spent more than 15 years at UBS where he led investment banking for the Asia Pacific region.

- *Phillip Kingston - Founder and CEO*

Phillip Kingston is a founder of Sargon. He was appointed as a director on 16 October 2015. He is also the founder and managing director of Trimantium GrowthOps Ltd (ASX: TGO), Trimantium Capital and a partner at Dragonfire. He founded and served as President of the B-Corp Certified Henley Club, and co-founded Good Super. Previously, he was also a non-executive director of the Centre for Sustainability Leadership for over 6 years, a director of The New Palm Court Orchestra for nearly 2 years, and a director of LaunchVic.

- *Aron D'Souza - Founder and Managing Director*

Aron D'Souza is a founder of Sargon. He was appointed as a director on 16 October 2015. He is also the Honorary Consul of the Republic of Moldova in Australia. Together with the Foundation for Young Australians, he founded the Nexus Australian Youth Summit, a branch of global movement of young philanthropists and impact investors convened by the United Nations.

- *Teddy Wasserman - Executive Director*

Teddy Wasserman was appointed as a director on 28 September 2018. He is the founder and managing partner of Cloverhill Group, a private equity and real estate investment fund and also a general manager at Afiniti, Inc in New York. He previously spent 16 years in investment banking at Deutsche Bank and Goldman Sachs.

- *Andy Wang - Non-Executive Director*

Andy Wang was appointed as a director on 11 May 2018. He is an Executive Director and a Responsible Officer of Taiping Capital, and General Manager of the Overseas Investment Department of Taiping Financial Holdings Company Limited (Taiping Financial) responsible for the investment banking businesses and offshore alternative investments. Prior to joining Taiping Financial, he worked as an investment banker at The Hong Kong and Shanghai Banking Corporation Limited (HSBC) in Hong Kong for ten years.

- *Matthew Kibble - Independent Non-Executive Director*

Matthew Kibble was appointed as a director on 28 September 2018. He is a founder and partner at Australy International and Kibble Holdings. He is an investor in a diversified portfolio of growth companies including Kaptyn Transportation, BeMe Intimates, Kibble Pet and Selong Selo Developments. He spent five years at JP Morgan in New York.

- *David Chen - Independent Non-Executive Director*

David Chen was appointed as a director on 9 May 2018. He is a global fintech investor and founded Huashan Capital in China for cross border transactions and venture capital investments. He is a Venture Partner of China-focused private equity fund Tripod Capital, the Vice Chairman of Hong Kong Stock Exchange listed Hengxing Gold Holding (HKSE: 2303), a director of Shenzhen Stock Exchange listed Boomsense Technology Co. (SZ: 300312), and a former Director of Shanghai Stock Exchange listed Zhonglu Group (SHA: 600818), and Hong Kong Stock Exchange listed Sinco Pharmaceuticals Holdings Ltd.

- *Tony Owen - Independent Non-Executive Director*

Tony Owen was appointed as a director on 1 May 2018. He is a venture capital investor in the U.S. with a focus on technology and hospitality. He is the founder of Little Joe Ventures, founder and Managing Partner of DOM Capital Group, Managing Partner of the Frontera Hospitality Group led by world renowned chef Rick Bayless, and sits on the board of The Kitchen restaurant group which is founded and led by technology investor, Kimbal Musk. He was a founding board member of Toronto stock exchange listed Freshii (TSX: FRIL).

## **5.4 Funding arrangements for Scheme Consideration**

### **(a) Scheme Consideration and funding arrangements**

If the Scheme becomes effective and is implemented, holders of Decimal Shares will be entitled to receive cash consideration of \$0.0141 (1.41 cents) per share held on the Record Date. Based on the number of Decimal Shares outstanding as at the Last Practicable Date, the aggregate amount of cash consideration payable by Sargon to holders of Decimal Shares in connection with the Scheme will be approximately \$4,452,401.

Sargon has a well-capitalised balance sheet, retains considerable cash resources and has access to further funding lines as required. The Scheme is not conditional on Sargon obtaining debt or equity financing to fund the payment of the Scheme Consideration.

### **(b) Certainty of funding**

The Scheme Consideration has been set aside in its entirety for the acquisition of the Decimal Shares from existing cash reserves.

## **5.5 Sargon's intention for Decimal**

The statements of intention made in this Section 5.5 are statements of present intention only and are based on the information concerning Decimal and the general business environment which is known to Sargon at the time of preparation of this Scheme Booklet. Sargon does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implications of its current intentions. Final decisions on these matters will only be made by Sargon after

having conducted a detailed review of Decimal's business after the acquisition has been finalised. Accordingly, the statements set out in this Section 5.5 are statements of current intention only, which may change as new information becomes available or as circumstances change.

**(a) Structure and delisting**

If the Scheme is implemented, Sargon will become holder of all of the Decimal Shares and, accordingly, Decimal will become a wholly-owned subsidiary of Sargon. In this case, Sargon will arrange for an application to be made to ASX for Decimal to be removed from ASX's official list with effect from on or shortly after the Implementation Date and subsequently converted into a proprietary company limited by shares.

**(b) General review**

If the Scheme is implemented, Sargon intends to continue the business of Decimal largely in its current form in the short term, but will likely look to fully integrate the Decimal business into its existing operations over the medium-to-longer term.

Sargon intends to work with Decimal's management team to optimise the prospects and operating performance of the business, including new potential growth. The advice industry is undergoing significant change, and this change presents opportunity for Decimal and Sargon. Sargon believes that its experience and operational expertise puts it in a strong position to be able to support Decimal's management to grow and develop Decimal's business.

In order to achieve these outcomes, Sargon intends to undertake a detailed review of Decimal's business to verify Sargon's understanding of the information, facts and circumstances concerning Decimal's assets, strategies and operations as at the date of this Scheme Booklet. Sargon will then work with Decimal's management team and its consultants to determine how to further develop Decimal's business in order to maximise its operating performance. This may include identifying opportunities to best integrate the two businesses and achieve greater efficiencies over time.

**(c) Board of directors**

If the Scheme is implemented, Sargon intends to replace the current Decimal Directors with nominees of Sargon (who are yet to be identified as at the date of this Scheme Booklet).

**(d) Management and employees**

Sargon considers that Decimal's management and other employees are an integral part of the continued success of Decimal. As such, subject to the operational and strategic review described in this Section 5.5, Sargon currently intends to retain Decimal's management in the ordinary course.

## **5.6 Interests and dealings in Decimal securities**

**(a) Interests in Decimal securities**

As at the date of this Scheme Booklet, neither Sargon nor, to the best of its knowledge, any of its associates has any Relevant Interest in any Decimal securities or any voting power in Decimal, and no director or senior manager of Sargon has any Relevant Interest in any Decimal Shares.

**(b) No dealing in Decimal securities in previous 4 months**

Except for the consideration to be provided under the Scheme, during the period of 4 months before the date of this Scheme Booklet, neither Sargon nor, to the best of its knowledge, any of its associates have provided or agreed to provide consideration for any Decimal securities under a purchase arrangement or other type of agreement.

**(c) Benefits to holders of Decimal securities**

Other than as set out in this Scheme Booklet, neither Sargon nor, to the best of its knowledge, any of its associates has given or offered to give or agreed to give a benefit to another person that was likely to induce the other person, or an associate of that person to:

- vote in favour of the Scheme; or
- dispose of Decimal securities,

during the period of 4 months ending on the date of this Scheme Booklet and which was not offered to all other Decimal Shareholders.

**(d) Benefits to Decimal officers**

None of Sargon or, to the best of its knowledge, its associates will be making any payment or giving any benefit to any current officers of Decimal as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

**5.7 No other material information**

Except as set out in this Section 5, at the date of this Scheme Booklet there is no other information about Sargon or its intentions regarding Decimal that is material to the making of a decision by a Decimal Shareholder in relation to the Scheme, which is within the knowledge of any director of Sargon and has not previously been disclosed to Decimal Shareholders.

## 6 Risk factors

### 6.1 Introduction

In considering the Scheme, you should be aware that there are a number of risk factors, both general and specific associated with the Scheme.

This Section 6 outlines:

- specific risk factors relating to the Scheme (see Section 6.2 of this Scheme Booklet);
- specific risk factors relating to Decimal if the Scheme does not proceed (see Section 6.3 of this Scheme Booklet);
- general risk factors relating to the business and operations of Decimal (see Section 6.4 of this Scheme Booklet); and
- general market risk factors (see Section 6.5 of this Scheme Booklet).

These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Decimal Shareholders or any other person. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding how to vote.

You should carefully consider the risk factors discussed in this Section 6, as well as the other information contained in this Scheme Booklet before voting on the Scheme.

### 6.2 Scheme risk factors

#### (a) Satisfaction or waiver of Conditions Precedent

Completion of the Scheme is subject to a number of Conditions Precedent. There can be no certainty, nor can Decimal provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur.

In addition, there are a number of Conditions Precedent to the Scheme that are outside the control of Decimal, including, but not limited to, approval of the Scheme by the requisite majority of Decimal Shareholders and required regulatory and third party approvals and consents (see Sections 2.8 and 8.2).

If for any reason the conditions to the Scheme are not satisfied or waived (where applicable) and the Scheme is not completed, the market price of Decimal Shares may be adversely affected and the Decimal Directors believe that there would be significant uncertainty regarding Decimal's ability to continue as a going concern in the absence of a Superior Proposal emerging or Decimal being able to secure additional funding.

#### (b) Termination rights

Decimal and Sargon each have the right to terminate the Scheme Implementation Agreement in the circumstances described in Section 8.5 of this Scheme Booklet. As such, there is no certainty that the Scheme Implementation Agreement will not be terminated before the Scheme is implemented.

If the Scheme Implementation Agreement is terminated, Decimal can provide no assurances that another party would be willing to offer the same or greater price for Decimal Shares than that which is offered under the Scheme Implementation Agreement and the Scheme or that Decimal will be able to secure the necessary funding to be able to continue as a going concern.

**(c) Tax consequences for Scheme Shareholders**

If the Scheme proceeds, there may be tax consequences for Decimal Shareholders which may include tax payable on any gain on the disposal of Scheme Shares. However, Decimal Shareholders should seek their own professional advice regarding the individual tax consequences applicable to them. See Section 7 for a summary of potential taxation implications.

**6.3 Risks relating to Decimal if the Scheme does not proceed**

**(a) Ongoing viability**

If the Scheme does not proceed, the Decimal Directors believe that there would be significant uncertainty regarding Decimal's ability to continue as a going concern in the absence of a Superior Proposal emerging.

In such circumstances, the Decimal Directors expect that Decimal will need to raise additional working capital immediately following the termination of the Scheme to repay any amounts that have been drawn down and remain unpaid under the Sargon Loan Facilities and to fund Decimal's ongoing activities.

Any additional funding through share issues is dependent upon market conditions at the time. Debt financing may not be available, and even if available, it may impose restrictions on operating activities or any expansion of Decimal's operations.

If no additional funding is available to Decimal in time to meet its various commitments, it is likely that an administrator would need to be appointed.

Even if Decimal is able to continue as a going concern, Decimal Shares may trade below their current market price on ASX (or the value attributed by the Independent Expert) if the Scheme is not implemented.

**(b) Decimal Shareholders will not receive the Scheme Consideration**

Decimal Shareholders will not receive the proposed cash consideration under the Scheme and the value which you may realise for your investment in Decimal will necessarily be less certain.

Decimal Shareholders will continue to be subject to the risks and uncertainties associated with Decimal's business and general market risks.

**(c) Transaction costs will have been incurred**

Transaction and other costs incurred (or which are expected to be incurred) by Decimal in relation to the Scheme in circumstances where the Scheme does not proceed are currently estimated at approximately \$350,000, comprising adviser, legal, financial, accounting and expert fees and various other costs.

Decimal expects to fund a significant proportion of these transaction and other costs through funds made available by Sargon under the Sargon Loan Facilities. Decimal would need to repay any moneys advanced by Sargon if the Scheme does not proceed.

**6.4 General risks relating to Decimal**

In considering the Scheme, you should be aware that there are a number of general risk factors as well as risks specific to Decimal and/or the industries in which it operates, which could materially and adversely affect the future operating and financial performance of Decimal. The Decimal Board and senior management team in the ordinary course of business assesses material risks associated with the operations of Decimal and takes appropriate steps to manage and mitigate them.

The Decimal Board considers, however, that it is appropriate for Decimal Shareholders, in considering the Scheme, to be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of Decimal, the value of Decimal Shares and any future dividends. These risks will continue to be relevant to you if the Scheme does not proceed and you retain your existing investment in Decimal.

These risks include, but are not limited to, the following risks:

**(a) Failure to retain and attract customers**

Decimal's performance is dependent on its ability to retain existing key customers and attract new customers. If Decimal is unable to do so there is a risk that its future financial performance will be adversely affected.

**(b) Protection of intellectual property**

Decimal has developed specialised technology and matching algorithms for its business. In particular, Decimal has developed an advanced financial modelling technology engine which instantly generates personalised financial strategy and product plans. Decimal has sought and received protection of its intellectual property, including by way of trade marks, and patents which have been granted in Australia and Singapore. Decimal has also applied for patents in respect of its technology in the United States and Canada.

The laws relating to intellectual property assist to protect Decimal's proprietary rights. However, patent registration, although an indicator of valid intellectual property ownership, is not indefeasible. Any errors in the registration process can lead to registration being challenged or revoked. Accordingly, Decimal cannot be certain that the validity, ownership or authorised use of intellectual property relevant to Decimal's business will not be successfully challenged by third parties. In addition, there can be no guarantee that unauthorised use or copying of Decimal's software, data, specialised technology or algorithms will be prevented.

**(c) Security breaches**

A malicious attack on Decimal's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and the business systems used to run Decimal at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation and brand damage resulting in reduced or falling revenues. Decimal follows regulatory guidelines in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise this risk.

**(d) Government policies and legislation**

The financial services industry is highly regulated, and also subject to significant legislative change. The nature of future legislative changes in the financial services industry is uncertain and could impact Decimal's products as well as increase compliance and development costs.

Decimal's businesses and performance are also affected generally by the fiscal or other policies (including taxation) that are adopted by the Australian government. Any change in regulation or policy may adversely affect the performance or financial position of Decimal, either on a short-term or long-term basis. Decimal may also be adversely affected by the pace or extent of such change, including, without limitation, the potential outcomes from and industry implications of, the Banking Royal Commission.

**(e) Retention of key employees**

Decimal's ability to effectively execute its growth strategy depends upon the performance and expertise of key employees, including those with valuable technological skills and specialist knowledge of Decimal's underlying product market. The departure of certain key employees and any delay in their replacement could hamper Decimal's ability to achieve its

strategic growth objectives and financial performance goals. There is no guarantee that Decimal will be able to attract and retain appropriately qualified personnel in these areas.

**(f) New market entrants**

The market for digital advice solutions is relatively new and dynamic. It is likely that the emergence of new competitors in the market, or any significant technological developments providing an alternative to Decimal's product offerings, could impact the market share Decimal is able to acquire and may cause downward price pressure on similar platforms in the financial services industry, thus reducing Decimal's margins and revenue.

**(g) Research & development tax Incentive**

Decimal's development of its cloud-based technologies has previously enabled it to apply for the research & development tax incentive. Decimal's continued development of its technology should mean that it will have further eligible expenditure in the 2018/19 and future financial years.

There can be no assurance that Decimal's activities and the related expenditure will continue to satisfy the eligibility and other criteria required to successfully qualify for the research & development tax incentive in the future. Also, there can be no assurance that the tax legislation on which the research & development tax incentive is based will not change in the future resulting in Decimal not being able to claim the research & development tax incentive.

**(h) Litigation**

Litigation brought by third parties (including but not limited to customers, partners, suppliers, business partners or employees) could negatively impact Decimal's business, particularly in the case where the impact of such litigation is greater than or outside the scope of Decimal's insurance.

## **6.5 General market risks**

**(a) Securities investment risks**

Decimal Shareholders should be aware that there are risks associated with any securities investment. The market price of a publicly traded security is determined by the securities market and will be subject to a range of factors beyond the control of Decimal, the Decimal Directors, or Decimal's management. Such factors include, but are not limited to, the demand for and availability of Decimal Shares, actions of major shareholders, movements in domestic interest rates, exchange rates, fluctuations in the ASX and other stock markets and general domestic and economic activity. These factors may materially affect the market price of Decimal's Shares, regardless of Decimal's operational performance.

**(b) General economic and financial conditions**

Changes in economic and business conditions may affect the fundamentals which underpin the projected growth of Decimal's target markets or its cost structure and profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, consumer spending, employment rates, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, and tax rates, among others, are outside of the control of Decimal, the Decimal Directors and Decimal's management and may result in material adverse impacts on Decimal's business or its operating results.

## 7 Taxation implications

This Section 7 provides a general summary of the potential Australian tax consequences for Decimal Shareholders arising from the disposal of their Decimal Shares under the Scheme. This summary is based on established judicial and administrative interpretations of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**), *Income Tax Assessment Act 1936* (Cth) (**ITAA 1936**), *Taxation Administration Act 1953* (Cth) (**TAA 1953**), *A New Tax System (Goods & Services Tax) Act 1999* (Cth) (**GST Act**) (collectively, the **Tax Acts**) and relevant stamp duty legislation (collectively referred to as the **taxation law**) as at the date of this Scheme Booklet. This summary does not take into account or anticipate changes in the taxation law or future judicial and administrative interpretations of the taxation law.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Decimal Shareholder. Being general in nature, this Section 7 does not take into account the individual circumstances of each Decimal Shareholder and should not be relied upon by any Decimal Shareholder or any other person. Decimal Shareholders should obtain, and only rely upon, their own professional taxation advice about the consequences of disposing of Decimal Shares for cash having regard to their own specific circumstances, including the application and effect of the income and other taxes of any country, state, province or other jurisdiction in which the Decimal Shareholders reside or carry on business.**

### 7.1 Decimal Shareholders who are not resident in Australia

Decimal Shareholders who are not resident in Australia should seek their own independent tax advice on the tax consequences, in their country of residence, of the Scheme. The statements below are limited to the Australian tax consequences for Decimal Shareholders, and are subject to the disclaimer in bold text above.

### 7.2 Decimal Shareholders who do not hold their shares as capital assets

The statements below are limited to the Australian tax consequences to those Australian tax resident Decimal Shareholders whose Decimal Shares are held on capital account for investment purposes. The Australian tax consequences for Decimal Shareholders who hold their Decimal Shares as revenue assets or trading stock, or as assets used in carrying on a business, or who are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Decimal Shares may be different to the statements below. Such Decimal Shareholders should seek their own advice.

### 7.3 Australian income tax consequences for Decimal Shareholders

#### (a) Australian resident Decimal Shareholders

The disposal of Decimal Shares will give rise to a capital gains tax (**CGT**) event for Decimal Shareholders. The time of the CGT event should be the Implementation Date.

A Decimal Shareholder will realise a capital gain in connection with the disposal of a Decimal Share equal to the amount of the Scheme Consideration less the cost base (or indexed cost base, if applicable) of that Decimal Share.

Alternatively, a Decimal Shareholder will realise a capital loss equal to the amount by which the reduced cost base of the Decimal Share exceeds the Scheme Consideration.

A capital loss may only be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain applicable loss recoupment tests. Decimal Shareholders cannot offset their net capital losses against their ordinary income.

The cost base of a Decimal Share should generally include the amount paid (or deemed to be paid) to acquire the Decimal Share that includes certain incidental costs of the acquisition, such as brokerage fees. Reduced cost base is usually determined in a similar, but not identical manner. These amounts should be determined in Australian dollars (A\$).

A Decimal Shareholder who is an individual who holds the Decimal Shares (directly or indirectly through a trust), or a complying superannuation fund may be entitled to claim the CGT discount in calculating any capital gain provided that the:

- (a) Decimal Shares were acquired at least 12 months before the Implementation Date (excluding the acquisition and disposal dates); and
- (b) Decimal Shareholder did not choose to index the cost base of their Decimal Shares (if such choice was available).

In these circumstances, the applicable CGT discount that should reduce a net capital gain arising from the disposal of Decimal Shares is as follows:

- (a) 50% for individuals; and
- (b) 33<sup>1</sup>/<sub>3</sub>% for a complying superannuation entity.

The CGT discount is applied to the capital gain after any available current or prior year capital losses of the Decimal Shareholder are first offset against that capital gain (i.e. on the net gain). The net capital gain (after applying any losses and the CGT discount) should be included in their assessable income in the relevant income year.

## **(b) Non-Australian resident Decimal Shareholders**

The following discussion applies to a Decimal Shareholder who, immediately before the Implementation Date, is not, and has never been, a resident of Australia for the purposes of the Tax Acts.

A non-Australian tax resident Decimal Shareholder will be able to disregard the whole of the capital gain or capital loss they make for Australian tax purposes on the disposal of their Decimal Shares on the basis that the value of Decimal's Taxable Australian Real Property (as defined in Division 855 of the ITAA 1997) should not exceed the value of its non-Taxable Australian Real Property assets.

Non-Australian tax resident Decimal Shareholders should, however, obtain their own independent tax advice on the application of the Tax Act to any gain or loss realised on transfer of their Decimal Shares.

## **7.4 Australian Goods and Services Tax**

Decimal Shareholders should not be liable for GST on the transfer of Decimal Shares on the receipt of the Scheme Consideration. An Australian resident that is registered or required to be registered for GST seeking to claim input tax credits on related transaction costs should seek their own independent tax advice in this regard.

## **7.5 Australian Stamp Duty**

Decimal Shareholders will not be liable for stamp duty in any Australian State or Territory on the transfer of the Decimal Shares.

## 8 Implementation of the Scheme

### 8.1 Scheme Implementation Agreement

On 20 September 2018, Decimal announced that it had entered into the Scheme Implementation Agreement with Sargon in relation to the Scheme under which Decimal agreed to propose the Scheme. The Scheme Implementation Agreement sets out Decimal's and Sargon's obligations in connection with the implementation of the Scheme.

A summary of the key elements of the Scheme Implementation Agreement is set out in Sections 8.2 to 8.11 below and a full copy is available on Decimal's website [www.decimal.com.au](http://www.decimal.com.au).

### 8.2 Conditions Precedent

Implementation of the Scheme is subject to the following Conditions Precedent:

- **(no regulatory actions)** between the date of the Scheme Implementation Agreement and 5.00 pm on the day before the Second Court Date (each inclusive):
  - there is not in effect any preliminary or final decision, order or decree issued by a Governmental Agency;
  - no action or investigation is announced, commenced or threatened by any Governmental Agency; and
  - no application is made to any Governmental Agency, in consequence of or in connection with the Transaction which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the implementation of the Transaction or any part of it or the acquisition of Decimal Shares under the Scheme;
- **(Regulatory Approvals)** all Regulatory Approvals (other than Court and Decimal Shareholder approval) having been obtained or deemed to have been obtained by 5.00 pm on the Business Day immediately prior to the Second Court Date;
- **(no court orders)** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition being in effect at 5.00 pm on the day before the Second Court Date which prevents the consummation of any aspect of the Transaction;
- **(no Material Transaction)** no Material Transaction occurs between the date of the Scheme Implementation Agreement and 5.00 pm on the day before the Second Court Date;
- **(no Material Adverse Change)** no Material Adverse Change occurs or becomes apparent between the date of this document and 5.00 pm on the day before the Second Court Date;
- **(Decimal representations and warranties)** the representations and warranties of Decimal set out the Scheme Implementation Agreement being true and correct as at the date of the Scheme Implementation Agreement and as at 8.00 am on the Second Court Date;
- **(Sargon representations and warranties)** the representations and warranties of Sargon set out the Scheme Implementation Agreement being true and correct as at the date of the Scheme Implementation Agreement and as at 8.00 am on the Second Court Date.
- **(Independent Expert recommendation)** the Independent Expert opines that the Scheme is in the best interests of Decimal Shareholders before the date on which the Scheme Booklet is registered by ASIC under the Corporations Act and the

Independent Expert does not change its conclusions or withdraw its report prior to 5.00 pm on the day before the Second Court Date;

- **(Decimal Board recommendation)** between the date of the Scheme Implementation Agreement and the date on which the Scheme is approved by Decimal Shareholders, the Decimal Directors do not change or withdraw their recommendation to Decimal Shareholders to vote in favour of the Scheme and all resolutions (if any) incidental to the Scheme;
- **(Scheme approval)** the Scheme being approved with or without modification, in accordance with section 411(4)(a) of the Corporations Act, at the Scheme Meeting or, if the Scheme is not agreed to by the requisite majority of Decimal Shareholders, the Court orders otherwise in accordance with section 411(4)(a) of the Corporations Act;
- **(Court approval of Scheme)** the Court approving the Scheme in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that are customary or usual and an office copy of the Scheme Order is lodged with ASIC as contemplated by section 411(10) of the Corporations Act;
- **(Decimal Unexpired Options)** before 5.00 pm on the day before the Second Court Date, each holder of Decimal Options has agreed to the cancellation of all of their Decimal Unexpired Options (subject to the Scheme becoming Effective) for nil consideration;
- **(Key Customer Contracts)** before 5.00 pm on the day before the Second Court Date, the Third Party Consents (to the extent required) in respect of the Key Customer Contracts are obtained on terms acceptable to Sargon (acting reasonably);
- **(Material Contracts)** before 5.00 pm on the day before the Second Court Date, Decimal has confirmed in writing to Sargon that each Material Contract has a term of at least 12 months from the Effective Date; and
- **(Rocking Horse Facility)** before 5.00 pm on the day before the Second Court Date, Decimal has provided written evidence reasonably acceptable to Sargon that the Rocking Horse Facility has been repaid in full using R&D rebates Decimal has received from the Australian Tax Office.

### 8.3 No-talk and no-shop obligations

Decimal and Sargon have entered into exclusivity arrangements which apply from the date of the Scheme Implementation Agreement until the earlier of the termination of the Scheme Implementation Agreement, the End Date and the Implementation Date.

During the Exclusivity Period, Decimal must not, and must use all reasonable endeavours to ensure that each of its Representatives do not, except with the prior written consent of Sargon:

- directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or which may reasonably be expected to lead to, a Competing Proposal, or communicate to any person an intention to do any of those things (**No Shop Restrictions**); or
- enter into, facilitate, continue or participate in negotiations or discussions with, or enter into any agreement, arrangement or understanding with, any Third Party in relation to, or which may reasonably be expected to lead to, a Competing Proposal, even if:

- the Competing Proposal was not directly or indirectly solicited, invited, facilitated, encouraged or initiated by the party or any of its Representatives; or
- the Competing Proposal has been publicly announced,

**(No Talk Restrictions).**

The No Talk Restrictions do not apply where the Decimal Board, acting in good faith, after taking advice from its legal and financial advisers, and in order to satisfy what the Decimal Board reasonably considers to be its fiduciary or statutory duties, determines that, where there is a Competing Proposal, the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal but only if that Competing Proposal was not directly or indirectly solicited, invited, facilitated, encouraged or initiated by Decimal or any of its Representatives in a manner that would breach its obligations under the No Shop Restrictions or the No Talk Restrictions.

Decimal has also agreed that:

- Decimal will provide Sargon with any information or due diligence materials (including responses to requests for further information) provided or made available to any Third Party who is or may be considering a Competing Proposal; and
- during the Exclusivity Period, Decimal will notify Sargon (providing all material details of the relevant event) within 24 hours in writing if it or any of its Representatives:
  - is contacted by, or has discussions or negotiations with, any person in connection with a matter (including a proposal) that relates or may lead to a Competing Proposal, or otherwise becomes aware of such a matter; or
  - proposes or is asked to take any of the action referred to in the No Shop Restrictions or No Talk Restrictions,

**(Competing Proposal Notice).**

## **8.4 Matching right**

Decimal has agreed that it will not enter into any agreement, arrangement or understanding in relation to a Competing Proposal and must use its best endeavours to procure that no Decimal Directors change their recommendation in favour of the Scheme to publicly recommend an actual, proposed or potential Competing Proposal (or recommend against the Scheme), unless:

- the Decimal Board determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
- Decimal gives Sargon a Competing Proposal Notice in relation to the Competing Proposal;
- a period of 4 Business Days has elapsed from the date on which Sargon receives that notification; and
- Sargon has not announced a proposal which the Decimal Board (acting reasonably) considers to be equivalent or superior to the terms of the actual, proposed or potential Competing Transaction by the expiry of that 4 Business Day period.

If Decimal gives a Competing Proposal Notice, Sargon will have the right, but not the obligation, at any time until the expiration of 4 Business Days following receipt of the Competing Proposal Notice to:

- offer to amend the terms of the Scheme; or

- propose any other transaction,

(each a **Sargon Counterproposal**), and if Sargon does so, Decimal must procure that the Decimal Board consider the Sargon Counterproposal in good faith to determine whether the Sargon Counterproposal is equivalent or more favourable to Decimal Shareholders than the Competing Proposal.

If the Decimal Board determines, in good faith and after having obtained written advice from its legal and financial advisers, that the Sargon Counterproposal:

- would provide an equivalent or superior outcome for the Decimal Shareholders than the Competing Proposal; and
- the other terms of the Sargon Counterproposal taken as a whole are not less favourable than those under the Competing Proposal,

then:

- if the Sargon Counterproposal contemplates an amendment to the Scheme, Decimal and Sargon must enter into a deed amending the Scheme Implementation Agreement and all other necessary documents to reflect the Sargon Counterproposal; and
- if the Sargon Counterproposal contemplates any other transaction, Decimal must make an announcement as soon as reasonably practicable recommending the Sargon Counterproposal, in the absence of a Superior Proposal, and Decimal and Sargon must pursue implementation of the Sargon Counterproposal in good faith, subject to the Scheme Implementation Agreement.

## **8.5 Termination**

### **(a) Termination by either party**

Either Decimal or Sargon may terminate the Scheme Implementation Agreement if:

- the resolution to approve the Scheme submitted to the Scheme Meeting is not approved by the requisite majorities of Decimal Shareholders (except in certain circumstances where the Scheme is not approved by Decimal Shareholders by reason only of the non-satisfaction of the Headcount Test);
- the Effective Date for the Scheme has not occurred on or before the End Date;
- the Independent Expert concludes that the Scheme is not in the best interests of Decimal Shareholders;
- the other party is in material breach of any clause of the Scheme Implementation Agreement provided that either Decimal or Sargon, as the case may be, has, if practicable given notice to the other setting out the relevant circumstances and stating an intention to terminate, and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 5.00 pm on the Business Day before the Second Court Date) after the time such notice is given;
- the party is entitled to terminate the Scheme Implementation Agreement after following any required appeals process in the event the Court refuses to make an order convening the Scheme Meeting or approving the Scheme;
- subject to following any required appeals process in the event the Court refuses to make an order convening the Scheme Meeting or approving the Scheme, any court, the Takeovers Panel or Governmental Agency has issued any order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, or has refused to do anything necessary to permit the

Scheme, and the parties fail to agree on conducting an appeal within five Business Days;

- the party is entitled to terminate the Scheme Implementation Agreement after there is a breach or non-fulfilment of a Condition Precedent which is not otherwise waived, a Condition Precedent becomes incapable of being satisfied, or the Scheme has not become Effective by the End Date, and the parties have followed the consultation process required by the Scheme Implementation Agreement but have failed to reach agreement on the matter; or
- an Insolvency Event has occurred in relation to Decimal or any member of the Decimal Group (in which case Sargon may terminate) or Sargon or any of its Related Entities (in which case Decimal may terminate).

#### **(b) Termination by Decimal**

Decimal may terminate the Scheme Implementation Agreement if:

- Decimal receives a Competing Proposal which:
  - was not solicited, invited, encouraged or initiated in breach of the No Shop Restrictions; and
  - a majority of Decimal Directors consider, after all of Sargon's matching rights have been exhausted, to be a Superior Proposal; or
- a Third Party obtains a Relevant Interest in more than 25% of the Decimal Shares in circumstances where Decimal has not breached its No Shop Restrictions.

#### **(c) Termination by Sargon**

Sargon may terminate the Scheme Implementation Agreement if:

- any Decimal Director changes their recommendation or ceases or fails to recommend to Decimal Shareholders that they vote in favour of the resolution to approve the Scheme, including any adverse modification to their recommendation, or otherwise make a public statement indicating that they no longer support the Scheme; or
- a Third Party obtains a Relevant Interest in more than 20% of the Decimal Shares after the date of the Scheme Implementation Agreement.

### **8.6 Representations and warranties**

Each of Decimal and Sargon has given representations and warranties to the other which are considered to be normal for an agreement governing each party's obligations in relation to the implementation of a scheme of arrangement.

### **8.7 Deed Poll**

On 25 October 2018, Sargon executed the Deed Poll pursuant to which Sargon agreed, subject to the terms of the Scheme, to provide the Scheme Consideration due to all Scheme Shareholders.

A copy of the Deed Poll is contained in Annexure C to this Scheme Booklet.

### **8.8 Scheme Meeting**

On or about the date of this Scheme Booklet, the Court ordered that the Scheme Meeting be convened in accordance with the Notice of Scheme Meeting and appointed Mr Mark Potts to chair the Scheme Meeting. The Notice of Scheme Meeting is contained in Annexure D to this Scheme Booklet.

Each Decimal Shareholder who is registered on the Register at 4.00 pm (Perth time) on 4 December 2018 is entitled to attend and vote at the Scheme Meeting, either in person or by proxy or attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with section 250D of the Corporations Act. Voting at the Scheme Meeting will be by way of a poll.

Instructions on how to attend and vote at the Scheme Meeting (in person or by proxy), are set out on pages 5 and 6 “Action required by Decimal Shareholders” and in the notes for the Notice of Scheme Meeting contained in Annexure D to this Scheme Booklet.

The Scheme will only become Effective and be implemented if:

- the Conditions Precedent in relation to the Scheme outlined in Section 8.2 of this Scheme Booklet (other than that relating to Court approval) have been satisfied or waived (as appropriate);
- as at 8.00 am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll have been terminated in accordance with their terms;
- the Scheme has been approved at the Scheme Meeting, with or without modification, by the requisite majority of Decimal Shareholders in accordance with section 411(4)(a) of the Corporations Act or, if the Scheme is not agreed to by the requisite majority of Decimal Shareholders, the Court orders otherwise in accordance with section 411(4)(a) of the Corporations Act;
- the Court has approved the Scheme pursuant to section 411(4)(b) of the Corporations Act, without modification or with modifications which are acceptable to both Decimal and Sargon; and
- such other conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Sargon and Decimal are satisfied.

The Conditions Precedent (other than that relating to Court approval) must be satisfied by 8.00 am on the Second Court Date.

The requisite majorities of Decimal Shareholders to approve the Scheme are:

- unless the Court orders otherwise, a majority in number (more than 50%) of Decimal Shareholders present and voting at the Scheme Meeting (either in person or by proxy); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Decimal Shareholders present and voting at the Scheme Meeting (either in person or by proxy).

## **8.9 Court approval of the Scheme**

In the event that:

- the Scheme is agreed to by the requisite majorities of Decimal Shareholders at the Scheme Meeting; and
- all Conditions Precedent have been satisfied or waived (if they are capable of being waived) (see Section 8.2),

Decimal will apply to the Court for orders approving the Scheme.

Each Decimal Shareholder has the right to appear at the Second Court Hearing.

## 8.10 Effective Date

The Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Decimal will give notice to ASX upon the Scheme becoming Effective.

Decimal intends to apply to ASX for Decimal Shares to be suspended from official quotation on ASX from close of trading on the Effective Date.

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

## 8.11 Record Date

Those Decimal Shareholders on the Register on the Record Date (i.e. at 5.00 pm (Perth time) on the second Business Day following the Effective Date) will become entitled to the Scheme Consideration in respect of the Decimal Shares they hold at that time (in this Scheme Booklet, those Decimal Shareholders and the Decimal Shares that they hold are referred to as '**Scheme Shareholders**' and '**Scheme Shares**' respectively).

## 8.12 Determination of persons entitled to Scheme Consideration

### (a) Dealings on or prior to the Record Date

For the purpose of establishing the persons who are the Scheme Shareholders, dealings in Scheme Shares will only be recognised if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares at the Record Date; and
- in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Record Date at the place where the Register is kept.

Decimal will not accept for registration or recognise for any purpose any transmission applications or transfers in respect of Scheme Shares received after the Record Date, other than a transfer to Sargon in accordance with the Scheme and any subsequent transfer by Sargon, or its successors in title.

### (b) Dealings after the Record Date

For the purpose of determining entitlements to the Scheme Consideration, Decimal will, until the Scheme Consideration has been provided, maintain the Register in accordance with the comments in Section 8.12(a). The Register in this form will solely determine entitlements to the Scheme Consideration.

From the Record Date:

- all certificates and holding statements for Scheme Shares (other than holding statements in favour of Sargon and its successors in title after the Implementation Date) will cease to have any effect from the Record Date as documents of title in respect of those Scheme Shares; and
- subject to provision of the Scheme Consideration by Sargon and registration of the transfer to Sargon of the Scheme Shares, each entry current at that date on the Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

### **8.13 Implementation Date**

The Implementation Date is the fifth Business Day following the Record Date or such other date as ordered by the Court or agreed between Sargon and Decimal.

Once the Scheme Consideration has been paid, the Scheme Shares will be transferred to Sargon without the need for any further acts by any Scheme Shareholder.

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

### **8.14 Delisting Decimal**

After the Scheme has been fully implemented, Decimal will apply:

- for termination of the official quotation of Decimal Shares on ASX; and
- to have itself removed from the official list of ASX.

## 9 Additional information

### 9.1 Interests and dealings of Decimal Directors in Decimal securities

#### (a) Shares

As at the date of this Scheme Booklet, the Decimal Directors had the following Relevant Interests in Decimal Shares:

Director	Number of Decimal Shares (direct and indirect interests)
Jan Kolbusz	12,571,032
Mark Potts	2,894,707
Gary Cox	718,000
Pauline Vamos	Nil

#### (b) Options

As at the date of this Scheme Booklet, the Decimal Directors held the following Decimal Options:

Director	Number of Decimal Options (direct and indirect interests)
Jan Kolbusz	500,000 unlisted Decimal Options with an exercise price of \$0.60, expiring 30 June 2019 2,500,000 unlisted Decimal Options with an exercise price of \$0.12, expiring 27 January 2019
Mark Potts	666,666 unlisted Decimal Options with an exercise price of \$0.12, expiring 14 June 2019 666,668 unlisted Decimal Options with an exercise price of \$0.24, expiring 14 June 2020
Gary Cox	500,000 unlisted Decimal Options with an exercise price of \$0.12, expiring 27 January 2019
Pauline Vamos	Nil

In accordance with the Scheme Implementation Agreement, Decimal must procure that, as soon as practicable, each holder of Decimal Options enters into a deed with Decimal under which the holder agrees to the cancellation of all of their Decimal Unexpired Options for nil consideration, subject to the Scheme becoming Effective (see Sections 2.13 and 9.6 for further information).

#### (c) Dealings

On 14 June 2018, 666,666 unlisted Decimal Options with an exercise price of \$0.24 held by Mark Potts expired without being exercised.

On 30 June 2018, 500,000 unlisted Decimal Options with an exercise price of \$0.50 held by Jan Kolbusz expired without being exercised.

Other than as set out in this Section 9.1(c), no Decimal Director has acquired or disposed of a Relevant Interest in any Decimal securities in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

## **9.2 Interests and dealings of Decimal Directors in Sargon securities**

As at the date of this Scheme Booklet, no Decimal Director had a Relevant Interest in any Sargon securities.

No Decimal Director acquired or disposed of a Relevant Interest in any Sargon securities in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

## **9.3 Interests of Sargon and Sargon Directors in Decimal securities**

As at the date of this Scheme Booklet, Sargon does not have, and no Sargon Directors have, a Relevant Interest in any Decimal securities.

## **9.4 Benefits and agreements**

### **(a) Benefits in connection with retirement from office**

There is no payment or other benefit that is proposed to be made or given to any Decimal Director or secretary or executive officer of Decimal (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Decimal or any of its Related Bodies Corporate.

### **(b) Agreements connected with or conditional on the Scheme**

Decimal has agreed to pay its Chief Executive Officer a \$75,000 cash bonus if the Scheme is implemented. This incentive payment is intended to recognise the additional personal exertion required to complete Decimal's obligations under the Scheme Implementation Agreement and other activities required to implement the Scheme.

Other than as set out in this Section 9, there are no agreements made between any Decimal Director and any other person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as a holder of Decimal Shares or Decimal Options.

### **(c) Benefits under the Scheme**

Decimal has had discussions with Sargon regarding the continued employment of Decimal's employees following implementation of the Scheme. As at the date of this Scheme Booklet, no arrangements have been agreed to vary any of the existing employment arrangements in place between Decimal and its employees.

Other than as set out in this Section 9, none of the Decimal Directors have agreed to receive, or are entitled to receive, any benefit from Sargon which is conditional on, or is related to, the Scheme, other than in their capacity as a holder of Decimal Shares or Decimal Options.

### **(d) Interests of Decimal Directors in Sargon's contracts**

Other than as set out in this Section 9, none of the Decimal Directors has any interest in any contract entered into by Sargon.

## **9.5 Key terms of the Sargon Loan Facilities**

The key terms of Sargon Loan Facility A are as follows:

- The principal amount available to be drawn down under Sargon Loan Facility A is \$300,000.
- The principal amount can be drawn down on any day commencing on 31 July 2018 and ending on 30 November 2018, or such other date as may be agreed between Decimal and Sargon.

- Interest is payable on the principal amount at a rate of 8% per annum from and including the date of draw down. Interest will accrue daily and be calculated on the basis of a 365-day year. Interest will be paid in cash on the last day of each calendar month.
- Decimal can prepay all or any of the outstanding amount (including accrued but unpaid interest) at any time but must repay such amounts on 31 January 2019, or such other date agreed in writing between Decimal and Sargon.
- Decimal and its subsidiaries must not incur any Finance Debt other than Finance Debt outstanding as at the date of Sargon Loan Facility A (or otherwise approved by Sargon in writing).
- Unless otherwise approved by Sargon in writing, Decimal must not grant any security interest other than those in existence as at the date of the facility (but only to the extent Decimal does not increase the amount secured thereunder), liens created by operation of law or any retention of title arrangement in the ordinary course of business.
- Decimal must not, and must procure that each of its subsidiaries do not, permit any Restricted Payments up to the date the facility is required to be repaid without the prior written approval of Sargon.
- The facility contains events of default (which, if they occur, entitle Sargon to require Decimal to immediately repay any amounts owing in relation to the facility) which are customary for this type of loan, including:
  - Decimal does not pay any debt due for payment under the facility by its due date;
  - Decimal does not comply with any obligation or covenant under the facility and, if the default is capable of rectification, it is either not rectified within 10 business days (or any longer period agreed to by Sargon) or Decimal does not, during that period, take all action which in Sargon's opinion is necessary or desirable to quickly rectify that default;
  - any loan or other financial accommodation of Decimal in excess of \$100,000 becomes due for payment or capable of being declared due for payment before its stated maturity, and such amount remains unpaid;
  - a person who holds a security interest over property of Decimal or its subsidiaries becomes entitled to exercise a right under that security against that property to recover any secured money or enforce any other secured obligation; or
  - Decimal becomes insolvent.

The terms of Sargon Loan Facility B are equivalent to the terms of Sargon Loan Facility A except that:

- The principal amount can be drawn down within 10 business days (in Melbourne, Victoria) of any written request by Decimal, provided such request is made on any day commencing on 31 October 2018 and ending on 31 December 2018, or such other date as may be agreed between Decimal and Sargon.
- Decimal must repay any outstanding amounts (including accrued but unpaid interest) on 20 March 2019, or such other date agreed in writing between Decimal and Sargon.

## 9.6 Cancellation of Decimal Unexpired Options

As at the Last Practicable Date, Decimal has a total of 30,500,002 Decimal Options on issue.

Under the Scheme Implementation Agreement, Decimal must procure that, as soon as practicable, each holder of Decimal Options enters into a deed with Decimal under which the holder agrees to the cancellation of all of their Decimal Unexpired Options for nil consideration, subject to the Scheme becoming Effective.

Each holder of Decimal Unexpired Options has agreed to the cancellation of all of their Decimal Unexpired Options for nil consideration (subject to the Scheme becoming Effective) such that this Condition Precedent has now been satisfied.

## 9.7 Regulatory relief

No ASX or ASIC relief has been sought in connection with the Scheme.

## 9.8 Impact of the Scheme on the Incentive Plan

Decimal currently operates an incentive plan (**Incentive Plan**) under which the Decimal Board may offer to employees or officers of Decimal the opportunity to subscribe for such number of Decimal Options and/or performance rights as the Decimal Board may decide and on the terms set out in the Incentive Plan. The Decimal Board has to date only issued Decimal Options under the Incentive Plan.

Incentives granted under the Incentive Plan are offered to participants on the basis of the Decimal Board's view of the contribution of the relevant employee or officer to Decimal. A summary of the key terms of the Incentive Plan is set out in Decimal's 2017 Notice of Annual General Meeting.

As at the Last Practicable Date, Decimal has a total of 30,500,002 Decimal Options on issue under the terms of the Incentive Plan. Details of these Decimal Options are summarised in Sections 4.5(a) and 4.5(c).

A number of the holders of these Decimal Options also hold Decimal Shares and will be entitled to vote on the Scheme Resolution and receive the Scheme Consideration if the Scheme becomes Effective.

As detailed in Section 9.6, under the Scheme Implementation Agreement, Decimal must procure that, as soon as practicable, each holder of Decimal Options (which includes both vested and unvested Decimal Options granted pursuant to the Incentive Plan) enters into a deed with Decimal under which the holder agrees to the cancellation of all of their Decimal Unexpired Options for nil consideration, subject to the Scheme becoming Effective.

## 9.9 Decimal Board and management changes

Decimal must as soon as practicable:

- after the Scheme becomes Effective, take all actions necessary to cause the appointment as directors of Decimal of such number of persons nominated by Sargon as would constitute those nominees (acting together) as a majority of the directors on the Decimal Board; and
- after the Scheme Consideration has been paid, ensure that all directors on the Decimal Board other than the Sargon nominees resign.

As the Decimal Board will be reconstituted after implementation of the Scheme, the existing Decimal Directors do not make any statements of intentions regarding:

- the continuation of the business of the Decimal Group after the implementation of the Scheme or how the business will be conducted after the implementation of the Scheme;

- any major changes to the business of the Decimal Group, including any redeployment of the fixed assets of the Decimal Group; or
- the future employment of present employees of the Decimal Group after the implementation of the Scheme.

## **9.10 Formal disclosures and consents**

### **(a) Consents**

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- Sargon; and
- RSM Corporate Australia Pty Ltd.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have also given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Computershare Investor Services Pty Limited, as the Decimal Registry; and
- Ernst & Young, as the auditor of Decimal.

### **(b) Disclosures and responsibility**

Further, each person named in Section 9.10(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
  - RSM Corporate Australia Pty Ltd, in relation to its Independent Expert's Report;
  - Sargon in respect of the Sargon Information only,

and to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this Section 9.10.

### **(c) Fees**

Each of the persons named in Section 9.10(a) as performing a function in a professional, advisory or other capacity in connection with the Scheme or the preparation of this Scheme Booklet, other than Ernst & Young as auditor of Decimal, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

The total approximate fees expected to be payable by Decimal in connection with the preparation of this Scheme Booklet and the successful implementation of the Scheme are \$550,000 exclusive of any applicable GST. This includes a success fee of \$200,000 payable to Decimal's financial adviser upon successful implementation of the Scheme.

### **9.11 Status of Conditions Precedent**

As at the Last Practicable Date, none of the Conditions Precedent have been satisfied or waived, other than the Condition Precedent relating to the cancellation of Decimal Unexpired Options (see Sections 2.13 and 9.6 for further information).

### **9.12 No unacceptable circumstances**

The Decimal Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any member of the Decimal Group that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

### **9.13 Foreign jurisdictions**

This Section 9.13 is concerned with the basis on which this Scheme Booklet has been prepared, the purpose of this Scheme Booklet and the disclosure of this Scheme Booklet to persons other than Scheme Shareholders in Australia. For the avoidance of doubt, Scheme Shareholders registered in the Register as at the Record Date will be eligible to receive the Scheme Consideration in full, if the Scheme becomes Effective.

The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Decimal and Sargon disclaim all liabilities to such persons.

No action has been taken to register or qualify this Scheme Booklet or the Scheme in any jurisdiction outside of Australia.

This Scheme Booklet is subject to Australian disclosure requirements. Financial information in this Scheme Booklet has been prepared in accordance with Australian Accounting Standards, is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in a financial report prepared in accordance with the Corporations Act. Australian disclosure requirements and Australian Accounting Standards may be different from those applicable in other jurisdictions.

This Scheme Booklet and the Scheme do not, either individually or in combination, constitute a solicitation of an offer to purchase from Decimal Shareholders any securities in Decimal in any jurisdiction where such a solicitation would be illegal. Scheme Shareholders who reside outside of Australia should note that this Scheme Booklet has been prepared in accordance with the requirements in Australia for the sole purpose of allowing you to consider the Scheme. It must not be distributed, reproduced or disclosed, in whole or part, to other persons or used for any purpose other than consideration of the Scheme.

This Scheme Booklet has not been filed with or considered or approved by any regulatory body in any country other than Australia.

### **9.14 Other information material to the making of a decision in relation to the Scheme**

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Decimal Director, at the time of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to Decimal Shareholders.

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Decimal becomes aware that:

- a material statement in this Scheme Booklet is false or misleading;
- there is a material omission from this Scheme Booklet;

- a significant change affecting a matter in this Scheme Booklet has occurred; or
- a significant new matter has arisen which would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

Decimal will prepare a supplementary document to this Scheme Booklet. The form which the supplementary document may take, and whether a copy will be sent to each shareholder, will depend on the nature and timing of the new or changed circumstances.

In all cases, the supplementary document will be available from Decimal's website at [www.decimal.com.au](http://www.decimal.com.au) and from the ASX website at [www.asx.com.au](http://www.asx.com.au).

## 10 Glossary, definitions and interpretation

### 10.1 Glossary

The meanings of the terms used in this Scheme Booklet are set out below.

<b>Term</b>	<b>Meaning</b>
<b>AASB</b>	Australian Accounting Standards Board.
<b>Advisers</b>	in relation to an entity, its financiers, and any legal adviser, financial adviser, corporate adviser or other expert adviser or consultant who provides advisory services in a professional capacity to third parties and who has been engaged by that entity.
<b>Announcement Date</b>	20 September 2018.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691, or, as the context requires, the financial market operated by it.
<b>ASX Listing Rules</b>	the official listing rules of the ASX.
<b>Business Day</b>	a day that is each of the following: <ul style="list-style-type: none"><li>• a Business Day within the meaning given in the ASX Listing Rules; and</li><li>• a day that banks are open for business in Perth, Western Australia or Melbourne, Victoria.</li></ul>
<b>CGT</b>	capital gains tax.
<b>CHESS</b>	the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Ltd ACN 008 504 532.
<b>Competing Proposal</b>	any expression of interest, proposal, offer, pursuant to which a Third Party will, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms: <ul style="list-style-type: none"><li>• acquire (directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in all or a substantial part of the assets or business of the Decimal Group;</li><li>• acquire a Relevant Interest in, become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in 20% or more of all issued Decimal Shares;</li><li>• acquire control of Decimal, within the meaning of section 50AA of the Corporations Act;</li><li>• otherwise acquire or merge with Decimal; or</li><li>• require a party to abandon, or otherwise fail to proceed with, the Transaction,</li></ul> whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, strategic alliance,

<b>Term</b>	<b>Meaning</b>
	recapitalisation, establishment of a new holding company for the Decimal Group, or other synthetic merger or any other transaction or arrangement.
<b>Competing Proposal Notice</b>	has the meaning given to that term in Section 8.3.
<b>Conditions Precedent</b>	the conditions precedent to the Scheme. A summary is set out in Section 8.2 of this Scheme Booklet and which are set out in full in schedule 1 of the Scheme Implementation Agreement.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Court</b>	the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by Decimal and Sargon.
<b>Decimal</b>	Decimal Software Limited ACN 009 235 956.
<b>Decimal Board</b>	the board of directors of Decimal.
<b>Decimal Constitution</b>	the constitution of Decimal.
<b>Decimal Director</b>	each member of the Decimal Board.
<b>Decimal Group</b>	Decimal and each of its Related Entities, and <b>Decimal Group Member</b> means any one of them.
<b>Decimal Information</b>	the information contained in this Scheme Booklet other than the Sargon Information and the Independent Expert's Report.
<b>Decimal Option</b>	an option to subscribe for Decimal Shares issued by Decimal.
<b>Decimal Registry</b>	Computershare Investor Services Pty Limited ACN 078 279 277.
<b>Decimal Share</b>	a fully paid ordinary share in the capital of Decimal.
<b>Decimal Shareholder</b>	each person who is registered in the Register as the holder of Decimal Shares.
<b>Decimal Unexpired Options</b>	Decimal Options which have not been exercised into Decimal Shares before the Record Date.
<b>Deed Poll</b>	the deed poll executed by Sargon on 25 October 2018 pursuant to which Sargon acknowledges and confirms its obligations under the Scheme. A copy of the executed Deed Poll is contained in Annexure C to this Scheme Booklet.
<b>Disclosure Materials</b>	all written information in connection with the Transaction or relating to the Decimal Group's past, present or future operations, affairs, business and/or strategic plans, which has been provided to Sargon or its Representatives prior

<b>Term</b>	<b>Meaning</b>
	to the date of the Scheme Implementation Agreement or publicly announced prior to the date of the Scheme Implementation Agreement.
<b>Effective</b>	the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Scheme Order, but not before an office copy of the Scheme Order is lodged with ASIC.
<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>End Date</b>	31 December 2018 or such later date as Decimal and Sargon agree in writing.
<b>Exclusivity Period</b>	<p>the period commencing on 20 September 2018 (being the date of execution of the Scheme Implementation Agreement) and ending on the earlier of:</p> <ul style="list-style-type: none"> <li>• the date the Scheme Implementation Agreement is terminated in accordance with its terms;</li> <li>• the End Date; and</li> <li>• the Effective Date.</li> </ul>
<b>Fairly Disclosed</b>	in relation to a matter means disclosed in sufficient detail and context so as to allow a reasonable and sophisticated party (experienced in transactions of the nature of the Transaction) to be aware of the nature of the matter as known to Decimal or its Representatives at the date of the Scheme Implementation Agreement.
<b>Finance Debt</b>	<p>any monetary liability or indebtedness (whether present, future, actual or contingent) for or in respect of:</p> <ul style="list-style-type: none"> <li>• moneys borrowed under an advance or loan or raising amounts under or in connection with any bond, debenture, note, loan stock or similar instrument;</li> <li>• drawing, accepting, endorsing, discounting, collecting or paying a bill of exchange or other negotiable instrument;</li> <li>• entering into any agreement or transaction of any kind as a result of which a debt or liability or a contingent debt or liability arises (including without limitation any finance lease or hire purchase agreement);</li> <li>• receivables sold or discounted (other than any receivables to the extent that they are sold or discounted on a non-recourse basis); or</li> <li>• any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing.</li> </ul>
<b>Government Agency</b>	any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister (including, for the avoidance of doubt, the Commonwealth Treasurer), ASIC, Australian Tax Office, ASX, the Foreign Investment Review Board and any regulatory organisation established under statute or any stock exchange.
<b>Headcount Test</b>	the requirement under section 411(4)(a)(ii)(A) of the Corporations Act.

<b>Term</b>	<b>Meaning</b>
<b>Implementation Date</b>	the fifth Business Day following the Record Date, or such other date as ordered by the Court or agreed between Decimal and Sargon.
<b>Independent Expert</b>	RSM Corporate Australia Pty Ltd ACN 050 508 024.
<b>Independent Expert's Report</b>	the report prepared by the Independent Expert dated 4 October 2018 contained in Annexure A.
<b>Insolvency Event</b>	<p>any of the following:</p> <ul style="list-style-type: none"> <li>• a person is or states that the person is unable to pay from the person's own money all the person's debts as and when they become due and payable;</li> <li>• a person is taken or must be presumed to be insolvent or unable to pay the person's debts under any applicable legislation;</li> <li>• an application or order is made for the winding up or dissolution or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of a corporation;</li> <li>• an administrator, provisional liquidator, liquidator or person having a similar or analogous function under the laws of any relevant jurisdiction is appointed in respect of a corporation or any action is taken to appoint any such person and the action is not stayed, withdrawn or dismissed within seven days;</li> <li>• a controller is appointed in respect of any property of a corporation;</li> <li>• a corporation is deregistered under the Corporations Act or notice of its proposed deregistration is given to the corporation;</li> <li>• a distress, attachment or execution is levied or becomes enforceable against any property of a person;</li> <li>• a person enters into or takes any action to enter into an arrangement (including a scheme of arrangement or deed of company arrangement), composition or compromise with, or assignment for the benefit of, all or any class of the person's creditors or members or a moratorium involving any of them; or</li> <li>• anything analogous to or of a similar effect to anything described above under the law of any relevant jurisdiction occurs in respect of a person.</li> </ul>
<b>Key Customer Contract</b>	<p>each of the following:</p> <ul style="list-style-type: none"> <li>• Master Vendor Agreement between Mercer Australia Pty Ltd and Decimal Pty Ltd dated 17 December 2015;</li> <li>• Master Technology Supply Agreement between QSuper Ltd and Decimal Pty Ltd dated 23 February 2018;</li> <li>• Decimal Software Platform Services Agreement between Statewide Super and Decimal Pty Ltd dated 12 October 2016; and</li> <li>• Decimal Software Platform Service Commercial Agreement between Energy Super and Decimal Pty Ltd dated 21 April 2016.</li> </ul>
<b>Last Practicable Date</b>	25 October 2018, being the last practicable date before the finalisation of this Scheme Booklet.
<b>Losses</b>	all claims, actions, proceedings, liabilities, obligations, damages, loss, charges, costs, expenses and duties or other outgoings.

Term	Meaning
<b>Material Adverse Change</b>	<p>a matter, event or circumstance that occurs, is announced or becomes known to Decimal (whether or not it becomes public) where that matter, event or circumstance has, has had, or could reasonably be expected to have, individually or when aggregated with all such matters, events or circumstances, the result that:</p> <ul style="list-style-type: none"> <li>• there is or would be reasonably likely to be a material adverse effect on the assets, liabilities, business, results, operations, trading or financial position or material licenses of the Decimal Group; or</li> <li>• the Decimal Group is unable to carry on its business in substantially the same manner as carried on as at the date of the Scheme Implementation Agreement, or which otherwise materially and adversely affects the prospects of the Decimal Group,</li> </ul> <p>other than a matter, event or circumstance:</p> <ul style="list-style-type: none"> <li>• required to be done or procured by Decimal pursuant to the Scheme Implementation Agreement or the Transaction;</li> <li>• which is, and to the extent that it is, Fairly Disclosed in the Disclosure Materials or otherwise known to Sargon;</li> <li>• which relates to changes in business conditions affecting the Australian financial advice software industry generally;</li> <li>• which relates to interest rates, commodity prices or currency exchange rates; or</li> <li>• which is, and to the extent that it is, a consequence of Losses covered by insurance which Decimal's insurers have agreed to pay.</li> </ul>
<b>Material Contract</b>	<p>the following:</p> <ul style="list-style-type: none"> <li>• Master Vendor Agreement between Mercer Australia Pty Ltd and Decimal Pty Ltd dated 17 December 2015;</li> <li>• Master Technology Supply Agreement between QSuper Ltd and Decimal Pty Ltd dated 23 February 2018;</li> <li>• Decimal Software Platform Services Agreement between Statewide Super and Decimal Pty Ltd dated 12 October 2016; and</li> <li>• Decimal Software Platform Service Commercial Agreement between Energy Super and Decimal Pty Ltd dated 21 April 2016.</li> </ul>
<b>Material Transaction</b>	<p>other than:</p> <ul style="list-style-type: none"> <li>• as expressly contemplated by the Scheme Implementation Agreement or the Transaction;</li> <li>• to the extent that it is Fairly Disclosed in the Disclosure Materials; or</li> <li>• with the prior written consent of Sargon (not to be unreasonably withheld or delayed),</li> </ul> <p>the occurrence of any of the following:</p> <ul style="list-style-type: none"> <li>• Decimal or any Decimal Group Member makes any change to its constitution or other constituent documents;</li> <li>• Decimal or any Decimal Group Member disposes, or agrees to dispose, of shares in a Related Entity of Decimal;</li> <li>• the Decimal Group changes in any material respect the nature of its business;</li> <li>• Decimal or any Decimal Group Member agrees to incur or incurs any financial indebtedness or issues any indebtedness or debt securities or varies any proposed financial indebtedness terms other than by way of extension or in the ordinary course of business;</li> <li>• Decimal or any Decimal Group Member makes any loans, advances or capital contributions to, or investments in, any other person, other</li> </ul>

Term	Meaning
	<p>than to or in Decimal or any wholly-owned Related Entity of Decimal or in the ordinary course of business;</p> <ul style="list-style-type: none"> <li>• Decimal or any Decimal Group Member announces, declares or pays any dividends;</li> <li>• Decimal or any Decimal Group Member: <ul style="list-style-type: none"> <li>- grants to any officer of Decimal or any Decimal Group Member any increase in severance or termination pay or superannuation entitlements; or</li> <li>- makes or agrees to make any material change to the terms of, or waives any claims or rights under, or waives the benefit of any provisions of, any contract of employment with any senior executive of Decimal or of any Decimal Group Member;</li> </ul> </li> <li>• Decimal or any material Decimal Group Member ceases, or threatens to cease, to carry on business;</li> <li>• Decimal or any material Decimal Group Member becomes subject to an Insolvency Event or is deregistered as a company or otherwise dissolved;</li> <li>• Decimal or any Decimal Group Member disposes or agrees to dispose of any material asset;</li> <li>• Decimal or any Decimal Group Member acquires, or agrees to acquire, any asset other than: <ul style="list-style-type: none"> <li>- in the ordinary course of business; or</li> <li>- where the amount involved in the relevant transaction in the period until the Second Court Date is less than \$50,000 in aggregate;</li> </ul> </li> <li>• Decimal converting all or any of its shares into a larger or smaller number of shares;</li> <li>• Decimal or any member of the Decimal Group resolving to reduce, or reducing, its share capital in any way, or reclassifying, redeeming, combining, splitting or repurchasing directly or indirectly any of its shares;</li> <li>• Decimal or any member of the Decimal Group resolving to buy back, or buying back, any of its shares, including by: <ul style="list-style-type: none"> <li>- entering into a buy-back agreement; or</li> <li>- resolving to approve the terms of a buy-back agreement under the Corporations Act;</li> </ul> </li> <li>• Decimal or any member of the Decimal Group issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than: <ul style="list-style-type: none"> <li>- to a wholly-owned Related Entity of Decimal;</li> <li>- an issue of Decimal Shares following the valid exercise of any Decimal Options on issue as at the date of the Scheme Implementation Agreement;</li> </ul> </li> <li>• Decimal or any member of the Decimal Group issuing, or agreeing to issue, securities convertible into shares or debt securities (including any performance rights or options);</li> <li>• Decimal or any member of the Decimal Group making, in aggregate, capital expenditure in excess of \$50,000;</li> <li>• Decimal or any member of the Decimal Group: <ul style="list-style-type: none"> <li>- acquiring, leasing or disposing of;</li> <li>- agreeing to acquire, lease or dispose of; or</li> <li>- offering, proposing or announcing a bid or tenders for, any material business, material undertaking (other than trading inventories and consumables in the ordinary and usual course of</li> </ul> </li> </ul>

Term	Meaning
	<p>business) or entity in the period until the Second Court Date, or enters into joint venture, partnership or similar arrangement;</p> <ul style="list-style-type: none"> <li>• other than in the ordinary course of business, Decimal or any member of the Decimal Group: <ul style="list-style-type: none"> <li>- entering into any contracts or commitments either individually or collectively involving revenue or expenditure of more than \$50,000 in aggregate over the term of the contract or commitment;</li> <li>- terminating or amending in a material manner any contracts of the Decimal Group's business which either individually or collectively involve expenditure or revenue of more than \$50,000 in aggregate over the term of the contract;</li> <li>- paying, discharging or satisfying any claims, liabilities or obligations under any contracts or commitments (including land access or native title claims) involving revenue or expenditure of more than \$50,000 in aggregate other than the payment, discharge or satisfaction consistent with past practice and in accordance with its terms; or</li> <li>- waiving any material claims or rights under, or waiving the benefit of any provision of, any contracts or commitments involving revenue or expenditure of more than \$50,000 in aggregate;</li> <li>- taking any action in respect of its information technology systems and software that would reasonably be expected to have a material impact on those systems and software,</li> </ul> </li> </ul> <p>other than contracts or commitments associated with the implementation of the Transaction;</p> <ul style="list-style-type: none"> <li>• except as expressly provided for in an existing employment contract in place as at the date of the Scheme Implementation Agreement, Decimal or any member of the Decimal Group: <ul style="list-style-type: none"> <li>- paying any bonus to, or increasing the compensation of, any officer of Decimal or any member of the Decimal Group;</li> <li>- accelerating the rights of any officer of Decimal or any member of the Decimal Group to compensation or benefits of any kind (including under any Decimal executive or employee share plan);</li> <li>- granting to any officer of Decimal or any member of the Decimal Group any increase in severance or termination pay or superannuation entitlements or by issuing any Decimal Shares or securities convertible to Decimal Shares to any of those persons; or</li> <li>- establishing, adopting, entering into or amending in any material respect (including by taking any action to accelerate any rights or benefits due under) any enterprise bargaining agreement, Australian workplace agreement, employee benefit plan or superannuation scheme of Decimal or relating to the officers or employees of Decimal or any member of the Decimal Group;</li> </ul> </li> <li>• Decimal or any member of the Decimal Group making any change in its accounting methods, principles or practices which would materially affect the reported consolidated assets, liabilities or results of operations of any member of the Decimal Group, other than as required to comply with law or any changes to generally accepted accounting principles, standards, guidelines or practices in the jurisdiction of the relevant entity's incorporation; or</li> <li>• Decimal or any Decimal Group Member creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property.</li> </ul>

<b>Term</b>	<b>Meaning</b>
<b>Notice of Scheme Meeting</b>	the notice of meeting relating to the Scheme Meeting which is contained in Annexure D.
<b>No Shop Restrictions</b>	has the meaning given to that term in Section 8.3.
<b>No Talk Restrictions</b>	has the meaning given to that term in Section 8.3.
<b>Officer</b>	in relation to any entities, any of its directors and officers.
<b>Perth time</b>	the local time in Perth, Western Australia.
<b>Proxy Form</b>	the proxy form which accompanies this Scheme Booklet.
<b>Record Date</b>	5.00 pm (Perth time) on the second Business Day following the Effective Date or such other date and time as Decimal and Sargon agree.
<b>Register</b>	the register of members of Decimal maintained by or on behalf of Decimal in accordance with section 168(1) of the Corporations Act.
<b>Regulatory Approvals</b>	<ul style="list-style-type: none"> <li>• any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority or exemption from, by or with a Governmental Agency; or</li> <li>• in relation to anything that would be fully or partly prohibited or restricted by law if a Governmental Agency intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.</li> </ul>
<b>Related Entity</b>	<p>of a party means another entity which:</p> <ul style="list-style-type: none"> <li>• is a related body corporate of the first entity as defined in section 50 of the Corporations Act;</li> <li>• is in any consolidated entity which contains the first entity; or</li> <li>• the first entity controls,</li> </ul> <p>provided that to avoid doubt for the purposes of the Scheme Implementation Agreement Sargon and its Related Entities as at the date of the Scheme Implementation Agreement will not be taken to be Related Entities of Decimal, and Decimal and its Related Entities as at the date of the Scheme Implementation Agreement will not be taken to be Related Entities of Sargon.</p>
<b>Relevant Interest</b>	has the same meaning as given by sections 608 and 609 of the Corporations Act.
<b>Representative</b>	<p>in relation to a party:</p> <ul style="list-style-type: none"> <li>• each of the party's Related Entities; and</li> <li>• each of the officers, employees and Advisers of the party or of any of its Related Entities.</li> </ul>

<b>Term</b>	<b>Meaning</b>
<b>Restricted Payment</b>	<ul style="list-style-type: none"> <li>• any management, consulting, monitoring or other shareholder or directors' fees or bonuses or payment of a similar nature to a Restricted Person;</li> <li>• any payments made or agreed to be made to a Restricted Person in respect of any share or loan capital in Decimal or any of its subsidiaries being issued, redeemed, purchased or repaid or any other return of capital by Decimal or any of its subsidiaries, but does not include: <ul style="list-style-type: none"> <li>• any payments that are expressly permitted or required to be done under Sargon Loan Facility A or Sargon Loan Facility B (as applicable);</li> <li>• any payment made in the ordinary course of business that Decimal or any of its subsidiaries has budgeted to undertake, including the payment of annual bonuses to employees paid in the ordinary course of business where the quantum of such payments is consistent with past practice; and</li> <li>• any payment which is approved in writing by Sargon (acting reasonably).</li> </ul> </li> </ul>
<b>Restricted Person</b>	any shareholder or director of Decimal or any of their associates.
<b>Rocking Horse Facility</b>	the \$600,000 R&D rebate funding facility from Rocking Horse Nominees Pty Ltd, which was fully drawn by Decimal on 3 July 2018.
<b>Sargon</b>	Sargon Capital Pty Ltd ACN 608 799 873.
<b>Sargon Board</b>	the board of directors of Sargon.
<b>Sargon Counterproposal</b>	has the meaning given to that term in Section 8.4.
<b>Sargon Director</b>	each member of the Sargon Board.
<b>Sargon Information</b>	<p>the information contained in:</p> <ul style="list-style-type: none"> <li>• the answer to the question "Who is Sargon?" in Section 3;</li> <li>• Section 5;</li> <li>• Section 9.3; and</li> <li>• Section 9.10 as it relates to Sargon.</li> </ul>
<b>Sargon Loan Facilities</b>	Sargon Loan Facility A and Sargon Loan Facility B.
<b>Sargon Loan Facility A</b>	the loan facility agreement between Sargon and Decimal dated 31 July 2018 under which Sargon has agreed to provide Decimal with a \$300,000 loan facility.
<b>Sargon Loan Facility B</b>	the loan facility agreement between Sargon and Decimal dated 20 September 2018 under which Sargon has agreed to provide Decimal with an additional \$300,000 loan facility.
<b>Scheme Booklet</b>	this document.

<b>Term</b>	<b>Meaning</b>
<b>Scheme Consideration</b>	the consideration to be provided by Sargon in consideration for the transfer of the Scheme Shares held by a Scheme Shareholder to Sargon, being, in respect of each Scheme Share, \$0.0141 (1.41 cents) cash (subject to the terms of the Scheme).
<b>Scheme Implementation Agreement</b>	the Scheme Implementation Agreement between Decimal and Sargon dated 20 September 2018. A summary is set out in Sections 8.1 to 8.6, and a full copy can be obtained from Decimal's website at <a href="http://www.decimal.com.au">www.decimal.com.au</a> .
<b>Scheme Meeting</b>	the meeting ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme.
<b>Scheme or Scheme of Arrangement</b>	the proposed scheme of arrangement between Decimal and the Scheme Shareholders under Part 5.1 of the Corporations Act in the form contained in Annexure B which if implemented will give effect to the acquisition of Decimal by Sargon, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Sargon and Decimal.
<b>Scheme Order</b>	the order of the Court made for the purposes of section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.
<b>Scheme Resolution</b>	the resolution to agree to the terms of the Scheme.
<b>Scheme Share</b>	a Decimal Share on issue on the Record Date.
<b>Scheme Shareholder</b>	each person who is a holder of Scheme Shares as at the Record Date.
<b>Second Court Date</b>	the first day on which an application made to the Court for the Scheme Order is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.
<b>Second Court Hearing</b>	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
<b>Superior Proposal</b>	<p>a bona fide Competing Proposal in relation to Decimal that the Decimal Board determines, acting in good faith, after taking advice from its legal and financial advisers, and in order to satisfy what the Decimal Board considers to be its fiduciary and statutory duties:</p> <ul style="list-style-type: none"> <li>• is reasonably capable of being valued and completed, taking into account all aspects of the proposal; and</li> <li>• would, if completed in accordance with its terms, be of a higher financial value and more favourable to Decimal Shareholders than the Scheme, taking into account all terms of the proposal, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters.</li> </ul>
<b>Third Party</b>	<p>any of the following:</p> <ul style="list-style-type: none"> <li>• a person other than Sargon, Decimal or any of their Related Entities; or</li> </ul>

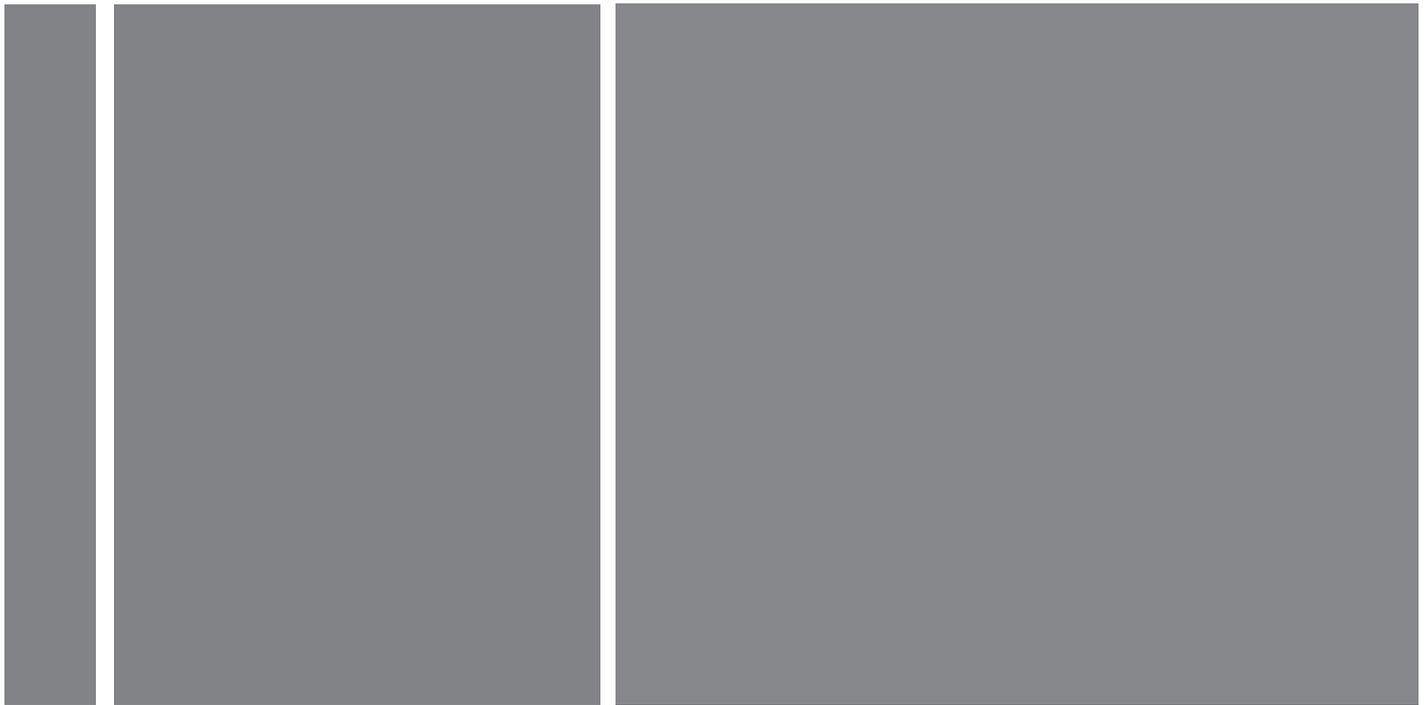
Term	Meaning
	<ul style="list-style-type: none"> <li>a consortium, partnership, limited partnership, syndicate or other group in which neither Sargon nor any of its Related Entities has agreed in writing to be a participant.</li> </ul>
<b>Third Party Consents</b>	<p>a:</p> <ul style="list-style-type: none"> <li>consent that is required from a Third Party under the terms of any Key Customer Contract to the change in control of Decimal that will occur when the Scheme becomes Effective; or</li> <li>confirmation from a Third Party that has or will have a right to terminate a Key Customer Contract (whether the right is at will or as a result of the transactions contemplated in the Scheme Implementation Agreement), that it will not exercise that right as a result of the change in control of Decimal that will occur when the Scheme becomes Effective.</li> </ul>
<b>Transaction</b>	The acquisition by Sargon of all of the Scheme Shares through the implementation of the Scheme as contemplated in the Scheme Implementation Agreement.
<b>VWAP</b>	volume weighted average price of a share on the ASX.

## 10.2 Interpretation

In this Scheme Booklet:

- other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- words of any gender include all genders;
- words importing the singular include the plural and vice versa;
- an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a Section or Annexure, is a reference to a Section of or Annexure of, this Scheme Booklet as relevant;
- a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- a reference to time is a reference to Perth time;
- a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia;
- an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

# Annexure A – Independent Expert’s Report



# DECIMAL SOFTWARE LIMITED

Financial Services Guide and Independent Expert's Report

October 2018

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# FINANCIAL SERVICES GUIDE

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

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

This FSG includes information about:

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

## Financial services we will provide

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

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

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

## General Financial Product Advice

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

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

## Benefits that we may receive

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

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

## Remuneration or other benefits received by our employees

All our employees receive a salary.

## Referrals

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

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## Associations and relationships

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

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

## Complaints resolution

### Internal complaints resolution process

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

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

### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the 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.

From 1 November 2018, the responsibilities of FOS will be transferred to a new external dispute resolution scheme for the financial services industry, the Australian Financial Complaints Authority ("AFCA"). Further details about AFCA are available at the AFCA website [www.afca.org.au](http://www.afca.org.au).

If you are not satisfied with our handling of your complaint, you may therefore lodge a complaint:

- with FOS if lodged **before 1 November 2018**

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1300 780 808  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

- with AFCA if lodged **on or after 1 November 2018**

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

## Contact details

You may contact us using the details set out at the top of our letterhead on page 2 of this report.

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# CONTENTS

1.	Introduction .....	2
2.	Summary and Conclusion .....	4
3.	Scope of the Report .....	9
4.	Summary of the Scheme .....	11
5.	Profile of Decimal .....	13
6.	Profile of Sargon .....	22
7.	Valuation Approach.....	23
8.	Valuation of Decimal .....	26
9.	Is the Scheme Fair to the Shareholders? .....	32
10.	Consideration of other factors relating to the Scheme .....	33
A.	Declarations and Disclaimers .....	37
B.	Sources of Information .....	38
C.	Glossary of Terms.....	39
D.	Comparable Transactions.....	41
E.	Industry Overview .....	42



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4 October 2018

The Shareholders  
Decimal Software Limited  
1/174 Hampden Road  
NEDLANDS WA 6009

Dear Shareholders

## INDEPENDENT EXPERT'S REPORT ("REPORT")

### 1. Introduction

- 1.1 On 20 September 2018, Decimal Software Limited ("Decimal" or the "Company") announced that it had entered into a Scheme Implementation Agreement ("SIA") with Sargon Pty Ltd ("Sargon") in relation to a proposal for Sargon to acquire 100% of the issued ordinary shares of Decimal, via a scheme of arrangement ("the Scheme") under Section 411 of the *Corporations Act 2001* (Cth) ("the Act").
- 1.2 Under the terms of the Scheme, Decimal Shareholders ("Shareholders") will receive cash consideration of \$0.0141 (1.41 cents) per share for each fully paid share ("Decimal Share") which they hold. Decimal and Sargon have executed the SIA to give effect to the Scheme if all conditions precedent are satisfied.
- 1.3 The Scheme is subject to the Court convening a meeting of Shareholders where they will consider a resolution seeking approval of the Scheme ("Scheme Meeting"). The Scheme Meeting is to be held on or about 6 December 2018 and, under the Act, the Scheme will be approved by the Shareholders if the resolution is passed by a majority of the Shareholders present (in person or by proxy) and voting at the Scheme Meeting, and by at least 75% of the votes cast on the resolution. If this occurs, a second Court hearing will be held to approve the Scheme which, if approved, will become binding on all Decimal Shareholders who hold Decimal shares as at the Scheme record date, irrespective of whether or not they voted for the Scheme, and Sargon will acquire 100% of Decimal's shares held by Shareholders.
- 1.4 The Directors of Decimal have requested RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, to express an opinion as to whether the Scheme is in the best interests of the Shareholders.
- 1.5 Accordingly, we have prepared this Report for the purpose of stating, in our opinion, whether or not the Scheme, and as such the offer under the Scheme, is in the best interests of the Shareholders, and to set out the reasons for that opinion. Our Report is to be included in the Scheme Booklet and Notice of Meeting to be sent to the Shareholders in respect of the Scheme Meeting.

### THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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

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

- 1.6 This Report represents general financial product advice only and has been prepared without taking into consideration the circumstances of individual Shareholders. The decision whether to approve the Scheme 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. The Shareholders should read and have regard to the contents of the Scheme Booklet and Notice of Meeting which has been prepared by the Directors and Management of Decimal. Shareholders who are in doubt as to the action they should take with regard to the Scheme and the matters dealt with in this Report, should seek independent professional advice.

## 2. Summary and Conclusion

### Opinion

2.1 In the absence of any other relevant information and/or a superior proposal, we consider the Scheme to be fair and reasonable to the Shareholders and, as such, that **the Scheme is in the best interests of the Shareholders**. A summary of our reasons and the approach we have taken in forming our opinion is set out in this section of our Report.

### Approach

2.2 In assessing whether the Scheme is “in the best interests” of the Shareholders, we have considered Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 – Content of Expert Reports (“RG 111”), which provides specific guidance as to how an expert is to appraise a Scheme of Arrangement.

2.3 Schemes of Arrangement can be used as an alternative to a takeover bid under Chapter 6 of the Act to achieve substantially the same outcome. In these circumstances, RG 111 suggests that the form of analysis to be undertaken by the expert should be substantially the same as for a takeover bid.

2.4 In effect, the Scheme represents a takeover offer for Decimal via a cash offer of \$0.0141 (1.41 cents) for each Decimal Share. Therefore, consistent with the guidance set out in RG 111, in assessing whether or not we consider the Scheme to be “*in the best interests*” of the Shareholders, we have:

- a. considered whether the Scheme is “*fair*” to the Shareholders by assessing and comparing:
  - the Fair Market Value of a Decimal Share on a controlling basis prior to the Scheme; with
  - the Fair Market Value of the consideration offered per Decimal Share; and
- b. considered whether the Scheme is “*reasonable*” to the Shareholders by undertaking an analysis of the other factors relating to the Scheme which are likely to be relevant to the Shareholders, in their decision as to whether or not to approve the Scheme.

2.5 Further information on the approach we have employed in assessing whether the Scheme is in the best interests of the Shareholders is set out at Section 3 of this Report.

### Is the Scheme Fair to the Shareholders?

2.6 In assessing whether we consider the Scheme to be fair to the Shareholders, we have valued a Decimal Share prior to the implementation of the Scheme on a controlling basis and compared it to the value of the consideration offered per Decimal Share, to determine whether a Shareholder would be better or worse off should the Scheme be approved. Our full analysis is shown at Section 9 of this Report.

2.7 A summary of our assessment is set out in the table below.

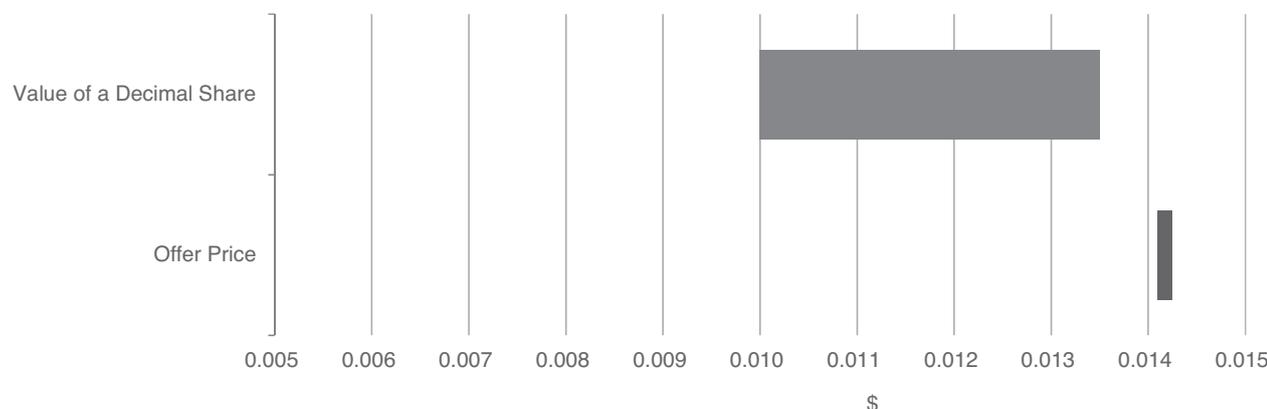
**Table 1: Assessed value of a Decimal Share and the Consideration**

Cents	Ref	Low	High
Assessed value of a Decimal Share (on a controlling basis)	8.28	1.00	1.35
Consideration offered	7.14	1.41	1.41
<b>Premium offered to assessed value</b>		<b>0.41</b>	<b>0.06</b>
<b>Premium as %</b>		<b>41.0%</b>	<b>4.4%</b>

Source: RSM Analysis

2.8 The above comparison is depicted graphically in the table below.

**Figure 1: Assessed value of a Decimal Share and the Consideration**



2.9 We consider that, as the value of the consideration offered per Decimal Share is greater the Fair Market Value of a Decimal Share prior to implementation of the Scheme, and in the absence of any other relevant information and/or a superior offer, in our opinion, the Scheme is **fair** to the Shareholders.

2.10 Shareholders should be aware that our assessment of the value of a Decimal Share does not necessarily reflect the price at which Decimal Shares will trade if the Scheme is not implemented. The price at which Decimal Shares may trade in the absence of the Scheme will depend on a number of factors including the underlying financial performance and position of the Decimal business, the liquidity of Decimal Shares and general macro-economic factors.

2.11 In particular, we draw the attention of Shareholders to our comments in paragraphs 2.13 to 2.17 below regarding the future prospects of Decimal if the Scheme is not approved and no alternative offer emerges, and the material uncertainty of Decimal's ability to continue trading as a going concern in such circumstances. We consider that the return to Shareholders in a liquidation scenario is likely to be lower than our assessed value of a Decimal Share prior to the Scheme, as indicated by the net assets valuation undertaken in Section 8 of our Report.

### **Consideration of other factors relating to Scheme**

2.12 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 a higher bid. Section 10 of this Report sets out our consideration of other factors relating to the implementation of the Scheme which are likely to be relevant to the decision of the Shareholders as to whether or not to approve the Scheme. We set out a summary of these factors below.

### ***Future Prospects of Decimal if the Scheme is not approved***

2.13 If the Scheme does not proceed, the Directors of Decimal believe that there would be significant uncertainty regarding Decimal's ability to continue as a going concern in the absence of an alternative offer emerging.

2.14 The Board has undertaken a strategic review and engaged with a wide range of parties, including financial institutions, private equity and wealth management platform businesses, to look at strategic options including equity investment, strategic partnerships and ownership options. Over 30 potential strategic and private equity buyers were approached in this process, facilitated by Decimal's advisers, with the outcome being the offer from Sargon to acquire all of the Decimal shares.

- 2.15 Decimal recorded net operating cash outflows of approximately \$2.0 million in FY18 and currently has annualised recurring revenue of \$0.9 million secured. Whilst cost reductions have been achieved in research and development activities, along with non-core overheads, the Company expects to be loss-making in the short to medium term and management considers that financial self-sufficiency can only be achieved through a material uplift in sales. With the Royal Commission into Banking, Superannuation and Financial Services (“the Royal Commission”) due to hand down a final report in 2019, current industry conditions are uncertain and customer sales cycles have been deferred and/or extended. At 30 June 2018, Decimal held cash of approximately \$67,000 and has subsequently put in place two funding facilities with Sargon for a total of \$0.6 million to provide working capital funding, which are repayable in January and March 2019.
- 2.16 The Directors therefore expect that Decimal would need to raise additional working capital immediately following a termination of the Scheme to repay any amounts drawn down on the Sargon facilities and to fund Decimal’s ongoing activities. Any additional funding through share issues is dependent on market conditions at the time. Given the financial performance and position of Decimal, equity or debt funding may not be available within the required timeframe, or if it is available then it may be on unfavourable terms.
- 2.17 If the Scheme is not approved and no additional funding is available to Decimal in time to meet its various commitments, the Board would need to consider Decimal’s solvency position and this is likely to result in the appointment of an administrator or other formal insolvency option.

#### ***Advantages of approving the Scheme***

<b>Advantage</b>	<b>Comments</b>
The Offer is fair	If an Offer is fair then it is reasonable
Premium to the underlying share price	The Offer represents a premium of 76% to the closing share price of Decimal immediately prior to the announcement of the Scheme, being \$0.008 on 17 September 2018 (the last day Decimal Shares were traded), and a 41% premium to the 30-day VWAP of Decimal Shares prior to the announcement. The Offer therefore allows Shareholders to realise value for their shares in excess of the price at which they were trading before the Scheme was announced. This level of premium may not be available to Shareholders in the absence of the Scheme.
Certainty of cash	The Scheme allows Shareholders to receive certain and immediate value for their investment in Decimal free of any realisation costs.
Funding requirements	Decimal is expected to require additional working capital funding to continue its operations should the Scheme not be implemented. The Board has recently undertaken a consultation process with advisers to identify potential funding and ownership options, the only formal offer to eventuate was from Sargon. The possibility of raising additional equity capital was explored during this process but not progressed due to timeframe constraints and inability to secure a cornerstone investor during the period. If the Scheme does not proceed, the Company may not be able to raise additional equity capital or, if it is able to do so, this could be on terms which are highly dilutive to the interests of existing shareholders. The Scheme alleviates this funding risk.
Insolvency risk	The Directors consider there to be a significant risk of Decimal being unable to continue as a going concern in the event that the Scheme does not proceed and additional funding is not able to be secured.
Opportunity to reinvest in alternative investments	If the Scheme is implemented, the Shareholders have the opportunity to re-invest the cash proceeds in alternative investments.

### Disadvantages of approving the Scheme

Disadvantage	Comments
No exposure to the potential upside of Decimal	Implementation of the Scheme will result in Decimal Shareholders no longer holding an ownership interest in Decimal and consequently, Shareholders will not benefit from any potential future capital growth and/or profits generated by the Decimal business.
Growth opportunities in the industry	The findings of the Royal Commission could lead to financial institutions seeking to address regulatory requirements using automated advice technology such as that provided by Decimal, although alternative providers or digital strategies may also be considered. Shareholders may therefore consider that the long-term potential of Decimal's technology in this industry could deliver more benefits than the existing Offer. However, there is no guarantee as to Decimal's future performance or access to funding and there are risks associated with remaining a Decimal Shareholder as outlined in this section.
Taxation implications	Implementation of the Scheme may result in tax consequences for Shareholders. Shareholders should consult their own tax advisers regarding the taxation implications of the Scheme given their own personal circumstances.

### The extent to which a control premium is being paid

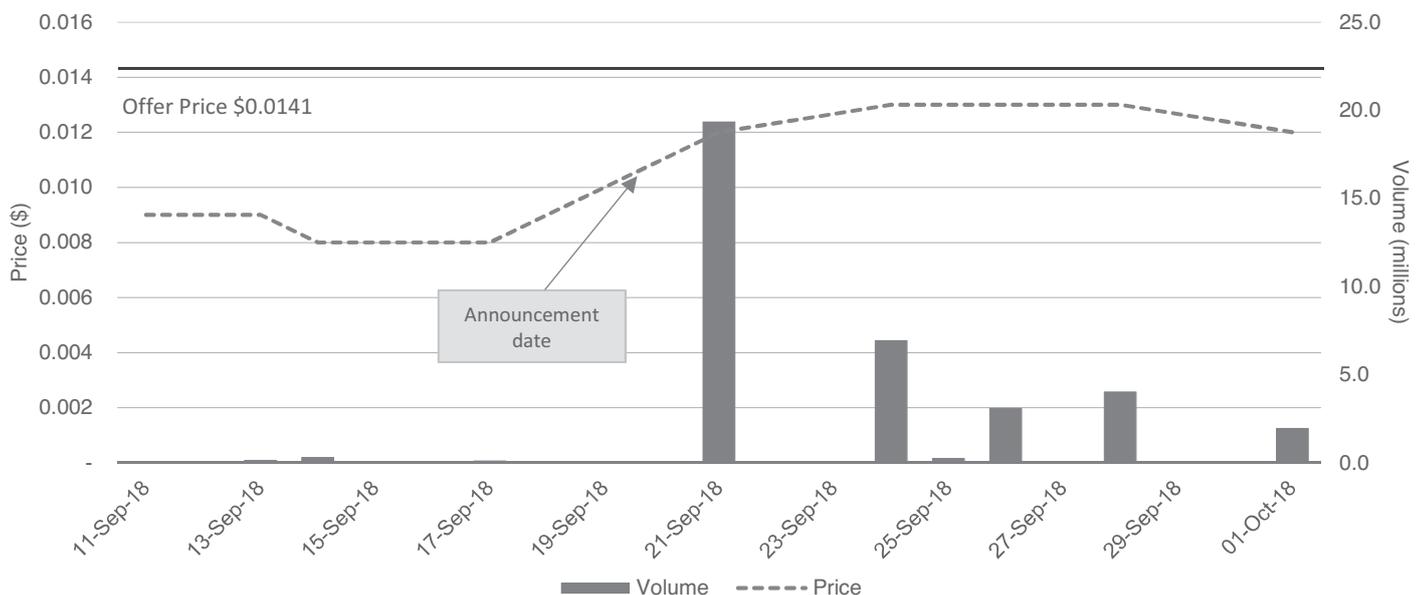
2.18 The value of the consideration offered is \$0.0141 (1.41 cents) per Decimal Share. This value represents a premium of 76% of the closing price of Decimal Shares of \$0.008 (0.8 cents) on 17 September 2018 (being the last day Decimal shares were traded immediately prior to the announcement of the Scheme), and a premium of 20.5% of our assessment of the preferred value of a Decimal Share on a controlling basis of \$0.0117 (1.17 cents) prior to the Scheme.

### The price of Decimal Shares after the announcement of the Scheme

2.19 The Scheme was announced to the ASX on 20 September 2018. The announcement resulted in a 50% increase in Decimal's share price from the latest traded price of \$0.008 per share on 17 September 2018 to \$0.012 per share on 21 September 2018.

2.20 The graph below shows the trading in Decimal shares immediately prior to and after the announcement of the Scheme.

Figure 2: Trading in Decimal Shares



Source: S&P Capital IQ

2.21 In the two-day period following the announcement approximately 8.32% of Decimal's total volume of shares were traded. The VWAP of Decimal's shares for the 5-day period after the announcement was \$0.013 which is 30% higher than the 30-day VWAP of \$0.010 prior to the announcement of the Scheme. If the Scheme does not proceed, it is possible that the Decimal share price will fall to its previous traded level (prior to the announcement).

#### ***Alternative proposals and likelihood of an alternative takeover offer***

2.22 The Directors have advised us that no formal alternative offers or approaches by potential acquirers have been received prior to the announcement of the Scheme on 20 September 2018, or since that date until issue of our Report.

2.23 In recognition of uncertainty within the financial services industry and ongoing operating cashflow requirements, the Board of Decimal commenced a strategic review to assess the most appropriate commercial and financial structure for Decimal in mid-2018. As part of this process, Decimal and its advisers engaged with a wide range of parties in a competitive process to determine their potential interest in financing or acquiring Decimal or its business. The offer from Sargon arose from this process and was the only formal offer presented within the review timeframe; the Board of Decimal determined that the Offer was superior to all other available alternatives at that time and accordingly entered into the Scheme Implementation Agreement ("SIA").

2.24 The SIA prohibits Decimal from seeking competing proposals, however it does not prevent a third party from making an alternative proposal and does not prevent Decimal from responding to any such unsolicited proposal. Sargon has the right to match any competing proposal received.

2.25 The alternative to the Scheme is therefore for the Shareholders to vote against the Scheme in the hope that they can realise greater value from their investment in Decimal either through maintaining Decimal as an independent company or through the emergence of a superior proposal to the Scheme. Whilst there is no evidence to suggest that the Shareholders would be better off under this alternative, it is possible that an alternative offer may emerge prior to the Scheme Meeting. However, since the announcement of the Scheme on 20 September 2018, we understand that no superior offers have been put forward as the date of this Report.

#### ***Liquidity***

2.26 Historically, the liquidity of Decimal's shares has been low which may represent an impediment for Decimal Shareholders to sell their shares at fair market value. The Scheme provides the Shareholders with an ability to convert their investment in Decimal into cash.

#### **Conclusion**

2.27 In the absence of any other relevant information and/or a superior proposal, we consider the Scheme to be **reasonable** to the Shareholders.

2.28 In conclusion, and in the absence of any other relevant information and/or a superior proposal, we consider the Scheme to be fair and reasonable to the Shareholders, and as such, that the Scheme is in the best interests of the Shareholders.

2.29 An individual shareholder's opinion in relation to the Scheme may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

### 3. Scope of the Report

#### Purpose of this Report

- 3.1 The Directors of Decimal have requested RSM, being independent and qualified for the purpose, to express an opinion as to whether the Scheme is in the best interests of Shareholders.

#### Regulatory guidance

- 3.2 It is relevant to note that the expression “in the best interests” is not defined within either the Act or the Corporations Regulations 2001 (Cth) (the “Regulations”). Therefore, in determining whether the Scheme is in the best interests of the Shareholders, we have had regard to the guidance and views expressed by ASIC in Regulatory Guide 111 (“RG 111”). This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.
- 3.3 RG 111 prescribes that a key matter that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of control transaction. Where a scheme of arrangement would achieve substantially the same outcome as a takeover bid, RG 111 aligns “in the best interests” with the “fair and reasonable” test. While RG 111 does not define “fair and reasonable”, it does provide some guidance as to how the terms should be interpreted in a range of circumstances. With respect to a takeover bid RG 111 applies the “fair and reasonable” test as two distinct criteria, stating that:
- 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 in the absence of any higher bid before the close of the offer.
- 3.4 RG 111 contends that if an expert was to conclude that a scheme of arrangement is “fair and reasonable” if it was in the form of a takeover bid, it will also be able to conclude that the scheme of arrangement is in the best interests of the Shareholders.

#### Adopted basis of evaluation

- 3.5 In effect, the Scheme represents a cash offer by Sargon to acquire 100% of the Decimal Shares held by the Shareholders and is therefore comparable to a takeover offer. Accordingly, consistent with the guidance set out in RG 111 as summarised above, in assessing whether or not we consider the Scheme to be in “the best interests” of the Shareholders, we have considered whether the Scheme is “fair” by assessing and comparing:
- the Fair Market Value of a Decimal Share on a controlling basis prior to the Scheme; with
  - the Fair Market Value of the consideration offered per Decimal Share.
- 3.6 On this basis, if the Fair Market Value of the consideration offered per Decimal Share is equal to or greater than the Fair Market Value of a Decimal Share prior to the Scheme, in our opinion, the Scheme would be “fair” and, as such, in the best interests of the Shareholders.
- 3.7 Our assessment of the Fair Market Value of a share in Decimal has been undertaken on a basis which is consistent with the following definition of Fair Market Value:

*“the amount for which an asset could be exchanged, or a liability settled, assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length”*

- 3.1 In assessing whether the Scheme is in the “*best interests*” of the Shareholders, in addition to considering whether or not the Scheme is “*fair*” to the Shareholders, we have also considered whether the Scheme is “*reasonable*” by undertaking an analysis of the following factors:
- the extent to which a control premium is being paid;
  - the likelihood of an alternative takeover offer emerging;
  - the future prospects of Decimal, if the Scheme is not implemented;
  - the liquidity the Scheme provides for Shareholders; and
  - the consequences for Shareholders if the Scheme is not approved.
- 3.2 Our assessment of the proposed Scheme is based on economic, market and other conditions prevailing at the date of this Report.

## 4. Summary of the Scheme

### Overview

- 4.1 On 20 September 2018, Decimal and Sargon (together, the “Parties”) entered into a Scheme Implementation Agreement (“SIA”). Under the terms of the SIA, it is proposed that Sargon acquire all of the issued fully paid ordinary shares of Decimal (the “Decimal Shares”) and that the holders of the Decimal Shares (“Decimal Shareholders”) will receive cash consideration comprising \$0.0141 (1.41 cents) per Decimal Share from Sargon (the “Transaction”).
- 4.2 Following implementation of the Scheme, Decimal will therefore be a wholly-owned subsidiary of Sargon, and the existing Decimal Shareholders will not hold any ownership interest in Decimal or Sargon.

### Key conditions of the Scheme

- 4.3 The implementation of the Scheme is subject to a number of Conditions Precedent. The Conditions Precedent which must be satisfied or waived are:
- (a) **No regulatory actions:** Between the date of the SIA and 5.00pm on the day before the Second Court Date:
    - (i) there is not in effect any preliminary or final decision, order or decree issued by a governmental agency;
    - (ii) no action or investigation is announced, commenced or threatened by any governmental agency; and
    - (iii) no application is made to any governmental agency,in consequence of or in connection with the Transaction which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the implementation of the Transaction or any part of it or the acquisition of Decimal Shares under the Scheme.
  - (b) **Regulatory Approvals:** All regulatory approvals are obtained (or deemed to have been obtained) by 5.00pm on the business day immediately prior to the Second Court Date, including ASIC and ASX providing all consents, approvals and waivers and doing all other acts which are necessary or reasonably desirable to implement the Scheme on terms that are unconditional or subject only to conditions which are acceptable to Decimal and Sargon.
  - (c) **Court orders:** No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition being in effect at 5.00pm on the day before the Second Court Date which prevents the consummation of any aspect of the Transaction.
  - (d) **No material transaction:** No material transaction occurs between the date of the SIA and 5.00pm on the day before the Second Court Date.
  - (e) **No material adverse change:** No material adverse change occurs or becomes apparent between the date of the SIA and 5.00pm on the day before the Second Court Date.
  - (f) **Decimal representations and warranties:** The representations and warranties of Decimal as set out in the SIA are true and correct as at the date of the SIA and at 8.00am on the Second Court Date.
  - (g) **Sargon representations and warranties:** The representations and warranties of Sargon as set out in the SIA are true and correct as at the date of the SIA and at 8.00am on the Second Court Date.
  - (h) **Independent Expert recommendation:** The Independent Expert opines that the Scheme is in the best interests of the Decimal Shareholders (and does not change its conclusions or withdraw its report prior to 5.00pm on the day before the Second Court Date).

- (i) **Board recommendation:** Between the date of the SIA and the date of the Scheme Meeting, the directors of Decimal do not change or withdraw their recommendation to Decimal Shareholders to vote in favour of the Scheme and all resolutions incidental to the Scheme.
- (j) **Scheme approval:** The Scheme being approved with or without modification, in accordance with section 411(4)(a) of the Act, at the Scheme Meeting or, if the Scheme is not agreed to by the requisite majority of Decimal Shareholders, the Court orders otherwise in accordance with section 411(4)(a) of the Act.
- (k) **Court approval of Scheme:** The Court approving the Scheme in accordance with section 411(4)(b) of the Act either unconditionally or on conditions that are customary or usual and a copy of the Scheme Order is lodged with ASIC as contemplated by section 411(10) of the Act.
- (l) **Decimal unexpired options:** Before 5.00pm on the day before the Second Court Date, each holder of options to acquire ordinary shares of Decimal (“Decimal Options”) has agreed to the cancellation of all of their unexpired Decimal Options (subject to the Scheme becoming effective) for nil consideration.
- (m) **Key customer contracts:** Before 5.00pm on the day before the Second Court Date, third party consents in respect of key customer contracts are obtained on terms acceptable to Sargon (acting reasonably).
- (n) **Material contracts:** Before 5.00pm on the day before the Second Court Date, Decimal has confirmed in writing to Sargon that each material contract has a term of at least 12 months from the effective date (being the date on which the Scheme comes into effect, following court approval of the Scheme).

## 5. Profile of Decimal

### Overview

- 5.1 Decimal Software Limited (ASX: DSX) operates a cloud-based digital advice platform that enables enterprises such as banks and superannuation funds to provide automated, on-line and compliant financial advice on topics such as superannuation, insurance and retirement.
- 5.2 The Decimal business was established in 2006 by former Asgard senior executive Jan Kolbusz with a vision of providing a new capability to the financial advice industry through using cloud technology.
- 5.3 Decimal operates from an office in Perth, with approximately 15 employees.
- 5.4 In April 2014 Decimal listed on the Australian Securities Exchange (“ASX”) through the reverse takeover of Aviva Corporation Limited. Although the Company has secured some contracted customers, it has been consistently loss-making since listing.
- 5.5 On 16 July 2018, Decimal announced that it had commenced a strategic review to assess the most appropriate commercial and financial structure for the business, including alternative funding and ownership options, having regard to an expected increase in the funding and technical resources required in order to capitalise on the market opportunity for digital advice technologies.

### Group structure

- 5.6 Decimal has four wholly-owned subsidiaries:
  - Decimal Technology and Systems Pty Ltd;
  - Decimal Pty Ltd;
  - Simpla Pty Ltd; and
  - Decimal Software (US) Inc – incorporated in the United States.

### The Decimal business

- 5.7 The Decimal platform is a fully configurable technology for large enterprise clients such as banks and other financial institutions to provide automated, online financial advice; it integrates fully into the client’s systems and branding. The Eqilize product is a pre-configured solution from the Decimal platform designed for superannuation providers, which is fully compliant with ASIC and Australian Prudential Regulation Authority standards.
- 5.8 The Company has registered patents which expire in 2028, granted in Australia and Singapore.
- 5.9 Decimal commenced as a ‘Software as a Service’ (“SaaS”) business focused on delivering digital advice solutions for intra-fund advice, primarily via superannuation funds. The initial business strategy involved a direct to customer sales approach and sought cashflow certainty through a subscription-based revenue model.
- 5.10 Currently the Business has four customers contracted under this subscription-based model, being Q Super, Energy Super, Statewide Super and Mercer, with approximately 1 million members connected to the platform. In addition, the Business generates one-off revenue through contracted pilots, consulting projects and implementation costs.
- 5.11 The last few years have seen a considerable period of turmoil for the financial services industry with the introduction of the Future of Financial Advice (“FOFA”) regulations and more recently the Royal Commission into Banking and Financial Services (“the Royal Commission”). Whilst the regulatory changes and increased scrutiny of financial services advisors have the potential to expand Decimal’s target markets, the uncertainty around outcomes from the Royal Commission have contributed to longer sales cycles and deferred customer decision processes.

- 5.12 At the end of 2017 the Decimal Board formed a view that the existing direct to customer sales approach was leading to unsustainable costs of customer acquisition and therefore moved to explore other go-to-market strategies. This led to a conclusion by the Board that a more fundamental review of the Decimal strategy was required, a process which was announced in July 2018.
- 5.13 As part of the review, Decimal and its advisers engaged with a wide range of parties, including financial institutions, private equity and wealth management platform businesses, to identify and assess strategic options including equity investment, strategic partnerships and ownership options. The outcome of this process was the offer from Sargon to acquire all of the Decimal Shares.

## Directors and management

5.14 The directors of Decimal are summarised in the table below.

**Table 2: Decimal Directors**

Name and Title	Summary Biography
Mr Mark Potts Non-Executive Chairman	<p>Mr Potts was appointed as Non-Executive Chairman of Decimal in June 2016. He has over 25 years' experience in enterprise software in both Australia in the US, working with Hewlett-Packard Enterprise (HPE), Ajilon, Growth Equities Mutual and Sealcorp, as well as founding a number of start-up companies.</p> <p>Mr Potts has also held executive positions at several international consulting companies and has managed IPOs, sales and acquisitions, and go-to-market strategies for a number of companies.</p> <p>Mr Potts is a non-executive director of Resolute Mining Limited (ASX: RSG) and private companies VGW Holdings Limited and iCetana Pty Ltd. He holds a Bachelor of Science degree in Computer Science from Oxford Brookes University (UK).</p>
Mr Gary Cox Non-Executive Director	<p>Mr Cox was appointed as a Non-Executive Director in December 2015. He has experience in the IT sector, including building his own IT recruitment business, which was later sold to Adecco, one of the world's largest recruitment firms. He also held the role of General Manager for Optus in Western Australia for four years, overseeing the start-up and launch of Optus in the Western Australian market.</p>
Mr Jan Kolbusz Non-Executive Director	<p>Mr Kolbusz is the founder of the Decimal business and was its initial Managing Director. He relinquished his executive role and became a non-executive director in August 2017.</p> <p>Prior to establishing Decimal in 2007, Mr Kolbusz was the Director, Technology and Operations at Asgard, where he led the development and implementation of its portfolio administration platforms. He was previously a Director of IT Consulting at EY and also worked as a project manager for Baxter Healthcare for seven years, with responsibility for implementing its integrated health systems in Australia.</p> <p>Mr Kolbusz is a fellow of the Australian Institute of Company Directors (AICD) and holds a double major degree in mathematics and computer science from UWA, as well as a masters degree in information systems from Curtin University.</p>
Ms Pauline Vamos Non-Executive Director	<p>Ms Vamos was appointed as a Non-Executive Director in May 2017. She has over 25 years' experience at senior levels in the financial services industry, bringing knowledge of regulation, governance and financial advice across the industry.</p> <p>For nine years Ms Vamos was CEO of ASFA, the peak policy, research and advocacy body for Australia's superannuation industry. She was also a senior executive with ASIC for seven years, in which role she managed the implementation of the Managed Investment Act and the Financial Services Reform Act. A qualified lawyer, she has also been a corporate counsel, head of compliance and strategic risk consultant.</p>

5.15 The key management of Decimal are summarised in the table below.

**Table 3: Decimal Management**

Name and Title	Summary Biography
<p>Mr Damon Watkins CEO</p>	<p>Mr Watkins joined Decimal as Chief Executive Officer in March 2018. He has more than 20 years' experience in the financial services sector, having held positions in asset management, financial advice and corporate superannuation, both in Australia and the UK. He has previously held leadership roles with AMP and Prudential in sales, product management and B2B distribution.</p> <p>More recently, Mr Watkins held a senior executive position with FIS Software, a global technology provider to the financial services industry, where he was responsible for its Asia-Pacific operations. He is also a qualified financial planner and has run his own financial planning practice, focused on corporate superannuation.</p>
<p>Mr David Gardner Head of Finance and Company Secretary</p>	<p>Mr Gardner joined Decimal in January 2017 as Head of Finance and Company Secretary. He is a qualified chartered accountant and company secretary, with more than 20 years' experience working with ASX-listed and private companies, and has experience in accounting, tax, corporate governance, capital raising and investor relations.</p> <p>Prior to joining Decimal, Mr Gardner was company secretary at Liquefied Natural Gas Limited for eight years, after working in professional practice for 14 years.</p>
<p>Ms Sue Landers Key accounts director</p>	<p>Ms Landers joined Decimal as Key Accounts Director in January 2017, with responsibility for strengthening and growing the company's client partnerships. Prior to joining Decimal, she gained over 25 years' technology and banking experience through senior account, sales and management roles for Oracle Corporation, servicing clients including NAB and Westpac.</p>

## Financial Performance

5.16 The following table sets out the consolidated financial performance of Decimal for the years ended 30 June 2016 (“FY16”), 30 June 2017 (“FY17”) and 30 June 2018 (“FY18”). The FY16, FY17 and FY18 results are extracted from the audited financial statements of the Company for those periods.

**Table 4: Decimal financial performance**

A\$	Ref.	Year ended 30 June 2016	Year ended 30 June 2017	Year ended 30 June 2018
Revenue	5.19 (1)	1,149,586	1,029,750	1,073,050
Finance income		57,558	43,373	10,023
R&D benefit	5.19 (2)	1,482,542	1,186,862	765,274
<b>Total revenue and other income</b>		<b>2,689,686</b>	<b>2,259,985</b>	<b>1,848,347</b>
Directors and employee benefits expense	5.19 (3)	4,319,770	3,799,955	2,598,684
Consultant expenses		237,660	146,305	175,545
Technical expenses		390,290	416,918	251,351
Professional and public listed company fees		479,994	359,840	313,158
Travel costs and entertainment		185,199	276,969	160,886
Office-related expenses		495,711	213,847	191,122
Advertising, marketing and media		211,001	386,713	281,104
Other expenses		102,523	86,534	94,733
Depreciation, amortisation and impairment		147,578	72,639	61,075
Share-based payment expense		159,030	95,754	9,739
<b>Total expenses</b>		<b>6,728,756</b>	<b>5,855,474</b>	<b>4,137,397</b>
<b>Loss before income tax</b>		<b>(4,039,070)</b>	<b>(3,595,489)</b>	<b>(2,289,050)</b>
Income tax benefit		-	-	-
<b>Loss for the year</b>		<b>(4,039,070)</b>	<b>(3,595,489)</b>	<b>(2,289,050)</b>
<i>Weighted average number of shares on issue</i>		<i>204,649,209</i>	<i>253,391,521</i>	<i>298,122,270</i>
<i>Basic loss per share (cents per share)</i>		<i>(1.97)</i>	<i>(1.42)</i>	<i>(0.77)</i>
<i>Diluted loss per share (cents per share)</i>		<i>(1.97)</i>	<i>(1.42)</i>	<i>(0.77)</i>

Source: FY16, FY17 and FY18 audited financial statements

5.17 Decimal has been consistently loss-making over the three years reviewed, primarily due to the ongoing investment in research and development (“R&D”), along with costs associated with maintenance of the platform and customer support.

5.18 In FY17, the Company recorded a net loss of \$3.60 million which reduced to a loss of \$2.29 million in FY18 due to declining R&D spend as the platform matured and cost reductions were made in non-core development overheads.

5.19 We note the following in relation to Decimal’s financial performance:

- 1) Revenue from customers grew marginally in FY18 to \$1.07 million although the quarterly Annual Recurring Revenue stated in the FY18 Annual Report shows a 28% increase year-on-year to approximately \$0.9 million per annum in the final quarter of FY18, excluding one-off payments, implementation services revenue and contracted pilots;
- 2) Expected revenue from the R&D Tax Incentive Offset program has declined in line with the reduced R&D expenditure; and
- 3) A reduction in headcount across the business led to a decline in employee costs in FY18.

## Financial Position

5.20 The table below sets out the consolidated financial position of Decimal as at 30 June 2017 and 30 June 2018. The financial position as at 30 June 2017 and 30 June 2018 is extracted from the Company's audited financial statements.

Table 5: Decimal financial position

A\$	Ref.	As at 30 June 2017	As at 30 June 2018
<b>Current Assets</b>			
Cash and cash equivalents	5.22 (1)	1,186,358	67,494
Trade receivables		27,943	41,848
Prepayments	5.22 (2)	165,042	79,544
Other current assets	5.22 (3)	1,287,434	818,062
<b>Total current assets</b>		<b>2,666,777</b>	<b>1,006,948</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5.22 (4)	27,707	12,182
Intangible assets	5.22 (5)	46,215	507
Other non-current assets		11,133	9,333
<b>Total non-current assets</b>		<b>85,055</b>	<b>22,022</b>
<b>Total assets</b>		<b>2,751,832</b>	<b>1,028,970</b>
<b>Current Liabilities</b>			
Trade and other payables	5.22 (6)	197,439	139,156
Income in advance		1,487	20,363
Employee benefit liabilities	5.22 (7)	563,631	313,252
<b>Total current liabilities</b>		<b>762,557</b>	<b>472,771</b>
<b>Non-Current Liabilities</b>			
Employee benefit liabilities	5.22 (7)	64,286	48,567
<b>Total non-current liabilities</b>		<b>64,286</b>	<b>48,567</b>
<b>Total liabilities</b>		<b>826,843</b>	<b>521,338</b>
<b>Net assets</b>		<b>1,924,989</b>	<b>507,632</b>
<b>Equity</b>			
Contributed equity	5.22 (8)	35,021,261	35,883,215
Reserves		935,322	945,061
Accumulated losses		(34,031,594)	(36,320,644)
<b>Total equity</b>		<b>1,924,989</b>	<b>507,632</b>

Source: FY17 and FY18 audited financial statements

5.21 Decimal's net assets as at 30 June 2018 were \$0.5 million, having declined significantly from \$1.92 million at 30 June 2017. The Company's cash balance at 30 June 2018 was only \$67,494 and its major non-current asset was an R&D tax rebate receivable of \$0.76 million, which the directors do not expect to receive until November 2018. We have separately discussed the Company's solvency position at paragraph 5.26.

5.22 We note the following in relation to Decimal's financial position:

- 1) Decimal's cash position has deteriorated considerably over the 12 months to 30 June 2018, with cash and cash equivalents reducing from \$1.18 million to \$67,494. Over this period, the Company raised funds of approximately \$0.87 million from the issue of new shares (net of share issue costs) and incurred operating cash outflows of \$2.0 million. We have set out further details of Decimal's cash flow over the three years ended 30 June 2018 at paragraph 5.23;
- 2) Prepayments primarily relate to insurance premiums;

- 3) Other current assets principally comprise amounts receivable by way of R&D tax rebates, being \$1.17 million at 30 June 2017 and \$0.76 million at 30 June 2018. Other current assets also include other debtors, term deposits, GST receivable and interest receivable;
- 4) Property, plant and equipment comprises computer equipment, furniture and fittings and leasehold improvements;
- 5) As at 30 June 2018, all intangible assets were almost fully amortised or written off. The carrying value of intangible assets in prior years related to accounting software and the purchase of a data service provider. Decimal has not capitalised R&D expenditure incurred, but has recognised all such costs as expenses in the year in which they were incurred;
- 6) Trade and other payables comprise trade payables, accrued expenses and a liability with respect to insurance premium funding;
- 7) Employee benefit liabilities comprise provisions for annual leave and long service leave, wages payable, PAYG and payroll tax liabilities and superannuation contributions payable. Employee benefit liabilities shown as non-current comprise solely the non-current portion of the provision for long service leave. The reduction in employee benefit liabilities between 30 June 2017 and 30 June 2018 is principally attributable to a reduction in the number of Decimal employees over this period; and
- 8) Decimal issued 28,900,000 shares on 31 January 2018 at an issue price of \$0.03 to raise \$867,000 before costs.

## Cash flow

5.23 The following table sets out the consolidated statement of cash flows of Decimal for FY16, FY17 and FY18. The results are extracted from the audited financial statements of the Company for those periods.

**Table 6: Decimal cash flow**

A\$	Ref.	Year ended 30 June 2016	Year ended 30 June 2017	Year ended 30 June 2018
<i>Cash flows from operating activities</i>				
Payments to suppliers and employees		(6,860,636)	(5,958,218)	(4,361,763)
Receipts from sales		796,249	1,185,985	1,185,325
Receipt of R&D tax rebate		1,779,871	1,498,767	1,170,637
Interest received		61,573	45,504	12,197
<b>Net cash flows from/(used in) operating activities</b>	5.25 (1)	<b>(4,222,943)</b>	<b>(3,227,962)</b>	<b>(1,993,604)</b>
<i>Cash flows from investing activities</i>				
Payments for property, plant and equipment		(2,906)	-	-
Purchases/(proceeds) from disposal of PPE		13,169	(9,249)	100
Payments for intangible assets		(18,182)	-	-
Repayment of security deposit		3,000	213,362	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(4,919)</b>	<b>204,113</b>	<b>100</b>
<i>Cash flows from financing activities</i>				
Receipts from share issues	5.25 (2)	3,500,000	2,294,985	867,000
Payments for share issue costs		(181,973)	(135,134)	(5,046)
Repayment/(payment) for treasury shares		36,917	-	-
Proceeds from borrowings		-	47,654	672,091
Repayments of borrowings		-	(2,686)	(659,405)
<b>Net cash flows from/(used in) financing activities</b>		<b>3,354,944</b>	<b>2,204,819</b>	<b>874,640</b>
Net decrease in cash and cash equivalents		(872,918)	(819,030)	(1,118,864)
Cash at beginning of the year		2,878,306	2,005,388	1,186,358
<b>Cash at end of the year</b>		<b>2,005,388</b>	<b>1,186,358</b>	<b>67,494</b>

Source: FY16, FY17 and FY18 audited financial statements

5.24 Decimal's cash balance has declined from \$2.9 million at 1 July 2015 to \$67,494 as at 30 June 2018.

5.25 We note the following in relation to Decimal's cash flow:

- 1) In FY18, the Company used \$2.0 million of cash to fund operating activities. The cash outflows from operating activities have declined over the three years reviewed, being \$4.2 million in FY16 and \$3.2 million in FY17. This reflects the decrease in R&D expenditure and other cost reductions, however the Chief Executive Officer's report in the FY18 Annual Report states that there is limited capacity for further cost reductions and therefore the Company can only achieve financial self-sufficiency through a material uplift in sales.
- 2) The Company has completed the following capital raisings during the three years ended 30 June 2018:
  - (i) Placement of 50 million ordinary shares at 7.0 cents per share in December 2015 and January 2016, raising \$3.5 million before share issue costs;
  - (ii) Placement of 57,374,631 ordinary shares at 4.0 cents per share in January 2017, raising \$2.3 million before share issue costs; and
  - (iii) Issue of 28,900,000 shares to IFM Investors at 3.0 cents per share in January 2018, raising \$867,000 before share issue costs. These shares are subject to a 12-month voluntary escrow period.

## Solvency position

5.26 Although Decimal has continued to incur losses and operating cash outflows, the FY18 financial statements have been prepared on a going concern basis. The Directors considered this to be appropriate for the following reasons:

- The Company put in place a R&D rebate funding facility of \$0.6 million from Rocking Horse Nominees Pty Ltd which was fully drawn down on 3 July 2018. This facility will be repaid out of the proceeds of the FY18 R&D tax rebate, which is expected to be received in November 2018;
- The availability of two short term funding facilities totalling \$0.6 million through unsecured loan agreements with Sargon. These facilities have not been drawn down at the date of this report, but incur interest at 8% per annum and are repayable within 6 months of the date of agreement (see 5.29 for further details);
- The sale of the Company through the proposed Scheme with Sargon which is expected to be completed in December 2018 if approved; and
- An intent for operations to continue for a period of not less than 12 months.

5.27 The Directors state in the FY18 Annual Report that they have reasonable expectations that existing cash, and additional inflows from the short-term funding facilities provide enough cash to sustain operations through to the proposed date for voting on the Scheme. However, if the Scheme is not approved or the conditions precedent are not met, the Company would be required to obtain funding at an amount and timing necessary to meet future operational plans and if unable to do so, may be unable to continue as a going concern.

5.28 As a result of these matters, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, which is disclosed in the notes to the FY18 financial statements and is also addressed by EY in their FY18 auditor's report.

5.29 Decimal has entered into two separate loan facilities with Sargon to fund working capital requirements whilst the Transaction is being considered. On 31 July 2018 and 20 September 2018, Decimal and Sargon entered into the two unsecured loan agreements for up to \$300,000 each (\$600,000 in aggregate), (together, "the Sargon Loan Facilities"). The first facility can be drawn down between 31 July 2018 and 31 October 2018, and is repayable by 31 January 2019, whilst the second can be drawn down between 31 October 2018 and 31 December 2018, and is repayable by 20 March 2019.

5.30 We note that the Company does not have any long term funding arrangements in place beyond the second funding facility with Sargon which is repayable in March 2019.

## Capital Structure

5.31 At the date of this Report, Decimal has 315,773,155 ordinary shares on issue. The top 20 shareholders of Decimal as at the date of this Report held 57.1% of the issued ordinary shares and are set out below.

Table 7: Decimal top 20 shareholders

Name	Number of Ordinary Shares	Percentage
1 Piperlake Pty Ltd <Sertorio Family A/c>	31,937,190	10.1%
2 JP Morgan Nominees Australia Limited	28,900,000	9.2%
3 JP Morgan Nominees Australia Limited	18,672,841	5.9%
4 Mr Jamie Phillip Boyton	10,000,000	3.2%
5 Swivelthree Pty Ltd <Kolbusz Investment A/C>	9,987,433	3.2%
6 Intag Pty Ltd <The Begley Family A/C>	9,289,162	2.9%
7 Magaurite Pty Ltd <Peter Nelson Super Fund A/c>	7,400,000	2.3%
8 GP Securities Limited	7,200,000	2.3%
9 Arredo Pty Ltd	7,000,000	2.2%
10 Coast Equity Pty Ltd <The Coast Investment Trust A/C>	6,886,895	2.2%
11 Pocy Investments Pty Ltd <Pocy Investments A/C>	6,300,000	2.0%
12 Gandira Capital Pty Ltd <The Tedblhki Family A/C>	5,850,000	1.9%
13 First Trustee Company (CZ) Ltd <Ian Roger Moore A/C>	5,000,000	1.6%
14 Merrill Lynch (Australia) Nominees Pty Ltd	4,975,142	1.6%
15 Lynter Pty Ltd <Herfort Super Fund A/C>	4,500,000	1.4%
16 Mr Ram Shanker Kangatharan	3,600,000	1.1%
17 Darley Pty Ltd <DJW Investment A/C>	3,500,000	1.1%
18 Helmet Nominees Pty Ltd <Tim Weir Family Fund A/C>	3,101,001	1.0%
10 Mr Kevin Poon	3,080,000	1.0%
20 Australian Executor Trustees Ltd <No 1 Account>	3,003,000	1.0%
<b>Total Top 20</b>	<b>180,182,664</b>	<b>57.1%</b>
Others	135,590,491	42.9%
<b>Total Ordinary shares on issue</b>	<b>315,773,155</b>	<b>100.0%</b>

5.32 IFM Investors is the largest individual shareholder with 15.1% held by JP Morgan Nominees Australia Limited.

5.33 As at the date of this Report, Decimal has the following options on issue:

Table 8: Decimal options on issue

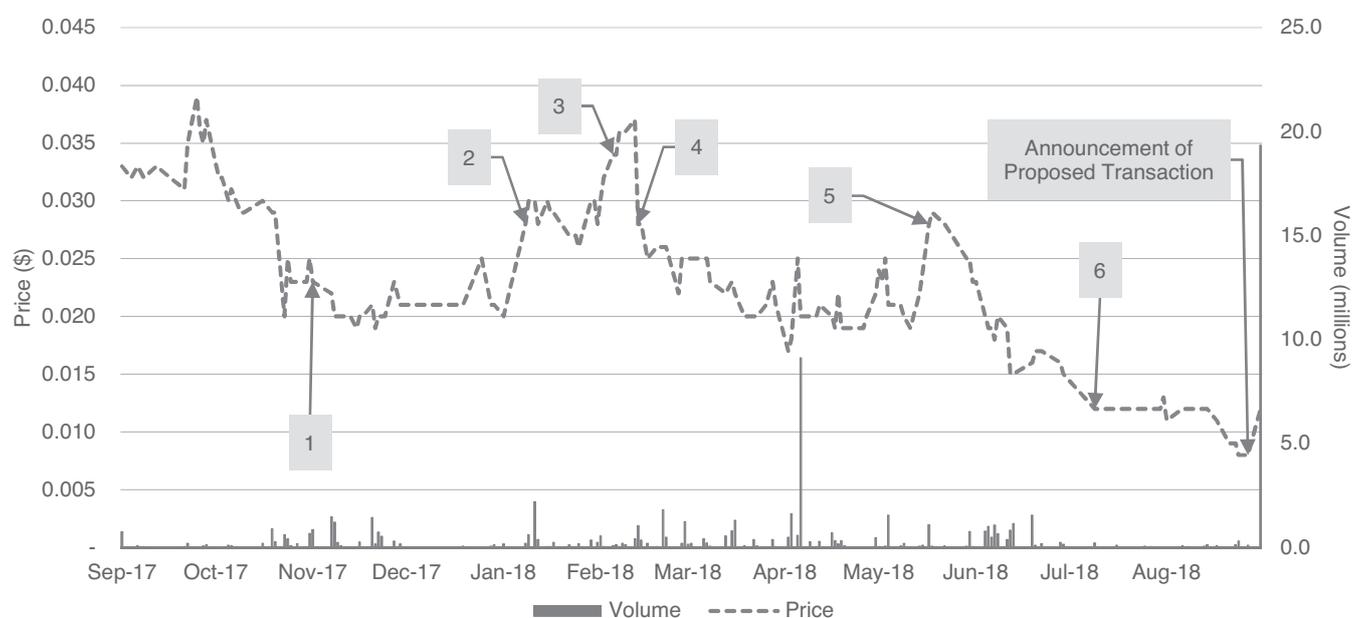
Number	Exercise Price	Expiry Date
9,000,000	0.03	30 June 2020
8,000,000	0.03	23 April 2021
5,000,000	0.04	23 April 2022
2,000,000	0.06	23 April 2023
333,333	0.10	24 May 2020
333,333	0.15	24 May 2021
333,334	0.18	24 May 2022
166,668	0.60	30 June 2019
3,000,000	0.12	27 January 2019
250,000	0.12	8 September 2019
250,000	0.24	8 September 2020
500,000	0.60	30 June 2019
666,666	0.12	14 June 2019
666,668	0.24	14 June 2020
<b>Total on issue</b>	<b>30,500,002</b>	

5.34 One of the Conditions Precedent of the Scheme is each holder of Decimal Options agreeing to the cancellation of all their unexpired options for nil consideration; all of the issued options are currently "out of the money".

## Share price performance

5.35 The figure below sets out a summary of Decimal closing share prices and traded volumes for the 12 months to 21 September 2018.

Figure 3: Decimal recent share trading history



Source: S&P Capital IQ / ASX

5.36 In the twelve-month period prior to the announcement of the Transaction on 20 September 2018, Decimal Shares were traded at between \$0.039 and \$0.008 per share. The most significant trading day during this period was on 23 April 2018 when approximately 2.9% of Decimal's total volume of shares were traded.

5.37 On the day of the announcement of the Transaction, approximately 6.12% of Decimal's total volume of shares were traded. In addition, the Company's share price rose by 50% from \$0.008 per share to \$0.012 per share.

5.38 Over the 180 trading days prior to the announcement of the Transaction, 24% of Decimal's Shares were traded based on a 60.9% free float (Source: S&P Capital IQ), indicating that it is not a particularly liquid stock.

5.39 The most significant trading days that have been summarised in the chart above are described as follows:

No.	Date	Comments
1	22-Nov-17	Decimal announced that it had partnered with UK-based consultancy AHC under a memorandum of understanding to extend its market offering to clients.
2	29-Jan-18	Decimal announced that its cornerstone investor, IFM Investors, had increased its stake in the company to 15 per cent as a result of a placement of 28,900,000 ordinary shares at \$0.03 per share.
3	26-Feb-18	Decimal announced that one of its customers QSuper, had signed a new contract with the Company commencing 1 January 2018 to extend the digital advice service for a further three years.
4	6-Mar-18	Decimal announced that it had appointed a former superannuation and financial services executive, Mr Damon Watkins as Chief Executive Officer of the Company with immediate effect.
5	7-Jun-18	Decimal released an investor update and reported on the March 2018 quarter highlights of a 28% increase in annual recurring revenue and a 44% reduction in annual expenses.
6	31-Jul-18	Decimal released its quarterly report and update for the June 2018 quarter which reported that annual recurring revenue and expenses remained steady during the period.
7	20-Sept-18	Decimal announced that it had entered into a binding Scheme Implementation Agreement with Sargon Capital Pty Ltd, to acquire 100% of the Company for \$0.0141 cash per share.

## 6. Profile of Sargon

### Overview

- 6.1 Sargon is a private company which provides financial institutions and entrepreneurs with the technology and infrastructure they need to successfully build and grow investment funds and financial products. It operates across Australia, New Zealand and Hong Kong with over 100 employees.
- 6.2 Sargon was founded in 2013 by technology entrepreneurs Phillip Kingston and Aron D'Souza.
- 6.3 In Australia, Sargon operates through its trading brand Trustee Partners which provides superannuation trustee services.

### Directors and management

- 6.4 The Board of Sargon is as follows:
- Robert Rankin – Chairman;
  - Andy Wang – Non-Executive Director;
  - Aron D'Souza – Director and Managing Director;
  - Phillip Kingston – Director and Chief Executive Officer;
  - David Chen – Non-Executive Director;
  - Tony Owen – Non-Executive Director;
  - Teddy Wasserman – Executive Director; and
  - Matthew Kibble – Non-Executive Director.

## 7. Valuation Approach

### Valuation methodologies

- 7.1 In assessing the Fair Market Value of a Decimal Share on a control basis, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
  - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
  - the amount which would be available for distribution on an orderly realisation of assets;
  - the quoted price for listed securities; and
  - any recent genuine offers received.
- 7.2 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

### Market-based Methods

- 7.3 Market-based methods estimate the Fair Market Value by considering the market value of a company’s securities or the market value of comparable companies. Market-based methods include:
- the quoted price for listed securities; and
  - industry specific methods.
- 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 market.
- 7.5 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.

### Income-based Methods

- 7.6 Income-based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income-based methods include:
- discounted cash flow methods; and
  - capitalisation of future maintainable earnings.
- 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.
- 7.8 The capitalisation of maintainable earnings methodology estimates the fair market value of a business as being the product of a company’s Future Maintainable Earnings (“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 comparable transactions (which include a control premium).

## **Asset-based methods**

7.9 Asset-based methodologies estimate the Fair Market 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.

7.10 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.

7.11 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, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.

7.12 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.

7.13 Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

## **Selection of Valuation Methodologies**

### **Valuation of the Consideration offered per Decimal Share**

7.14 The consideration offered by Sargon comprises cash of \$0.0141 (1.41 cents) per Decimal Share and therefore does not require valuing.

### **Valuation of a Decimal Share prior to the Scheme**

7.15 In considering the appropriate valuation methodology to adopt for Decimal Shares, we have considered the historical and expected future performance of the Decimal business. Decimal has generated operating losses and cash outflows for the last three years, typical of a start-up technology company, and therefore a capitalisation of earnings methodology is not suitable.

7.16 We have been provided with profit and loss forecasts for FY19 and FY20 which indicate continuing operating losses. We have also reviewed investor presentation material prepared in July 2018 which indicated a funding requirement of \$3 million to cover Business as Usual working capital needs and develop alternative go-to market

strategies. It is therefore our view that a discounted cash flow methodology is not suitable to value Decimal at the current time, given the expected ongoing operational cash outflows.

7.17 A consultation process was undertaken in mid-2018 by Decimal and its advisers to identify and engage with potential acquirers which yielded only the offer from Sargon; at the date of this report no alternative bids have emerged.

*Selected valuation methodologies*

7.18 Therefore, in valuing a Decimal Share prior to the Scheme we have utilised the following methodologies:

- net assets on a going concern methodology; and
- the quoted market price by considering the historical VWAP of Decimal shares and the volatility of the share price prior to the announcement of the Scheme.

7.19 In accordance with RG 111, we have assessed the value of Decimal Shares on the basis of a 100% controlling interest.

## 8. Valuation of Decimal

8.1 As stated in paragraph 7.18, we have assessed the value of Decimal prior to the Scheme on the basis of the fair market value of its underlying assets and have also considered the recent quoted price of its listed securities.

### Net Assets on a Going Concern Basis

8.2 Based on the net assets on a going concern methodology, our assessment of the fair market value of a Decimal Share prior to the announcement of the Scheme is \$0.0003 (0.03 cents) as shown in the table below, although we note that this does not include any attributed value to Decimal's IP or customer contracts for the reasons set out below.

Table 9: Assessed Value of a Decimal Share on a Net Assets Basis (Prior to the Scheme)

\$000's	Ref	Assessed Value		
		30-Jun-18	Low	High
Net working capital		789	789	789
Tangible fixed assets		12	12	12
Intangible fixed assets	8.5	1	-	-
Employee provisions		(362)	(362)	(362)
Net debt	8.3	67	67	67
Less: estimated cash spend to 20-Sept-18	8.4	-	(400)	(400)
<b>Net assets (control basis)</b>		<b>508</b>	<b>107</b>	<b>107</b>
Number of Shares on issue	8.9		315,773,155	315,773,155
<b>Value per Share \$</b>			<b>0.0003</b>	<b>0.0003</b>
<b>Value per Share (cents)</b>			<b>0.03</b>	<b>0.03</b>

Source: FY18 Annual Report and RSM Analysis

8.3 We have relied on the financial position of Decimal as at 30 June 2018 as shown in the audited FY18 financial statements, being the most recently reviewed financial information. We note that since the year-end, Decimal has drawn down on a \$0.6 million R&D funding facility which is repayable from the \$0.76 million R&D Tax Incentive rebate receivable in November 2018. This in itself will have no impact on the net assets of Decimal as the cash received and loan balance offset each other in the net debt calculation.

8.4 We estimate that the Company has incurred a cash burn of approximately \$0.4 million to 20 September 2018 based on the annual operating expenditures and transaction costs, and we have therefore reduced net assets by this amount in our valuation. The Company has provided us with a draft balance sheet as at 31 August 2018 which shows a net asset position of \$155,000 and a reduction in cash of \$250,000 from the year-end; our assumption on cash utilisation is consistent with this position.

8.5 Decimal has expensed R&D costs as incurred since listing on the ASX and therefore no value is recorded on the balance sheet for the Decimal platform or Eqilize. Given the ongoing operating losses and associated cash outflows of the Decimal business, we do not consider it appropriate to adopt an income-based valuation methodology for Decimal's IP assets or existing customer contracts.

8.6 As an alternative, the market approach may provide a value for Decimal's intangible assets based on comparable transactions of similar assets. We therefore reviewed transactions involving cloud-based technology platforms operating as SaaS businesses in Australia but found only a limited number of appropriate transactions, and we

note that they all related to profitable businesses which we consider reduces their comparability to Decimal's assets. For this reason, we have not adopted the comparable transactions valuation methodology for Decimal's intangible assets but note that we have provided Shareholders with an analysis of the Sargon Offer in comparison to the identified market transactions later in this section.

- 8.7 We have therefore concluded that we do not have reasonable grounds on which to provide a valuation of Decimal's intangible assets prior to the Scheme. We note that the Company undertook a robust and competitive process through 2018 to identify potential acquirers (and investors) of Decimal and/or its business and assets, from which the Sargon Offer was the only formally presented offer after approaching over 30 parties.
- 8.8 We are not aware of any other indicators that the book value of assets and liabilities of Decimal differ materially from their fair market value.
- 8.9 Decimal had 315,773,155 shares on issue prior to the announcement of the Scheme. In addition, the Company has 30.5 million share options on issue as set out in Table 8, however they are all out of the money and therefore we have not factored any dilution effect into our valuation.
- 8.10 The methodology applied represents the value of a controlling shareholding. Accordingly, we consider the value generated under the net assets on a going concern basis to already incorporate a premium for control and no further premium is considered necessary to assess the value of Decimal.
- 8.11 We note that this valuation methodology for a Decimal Share prior to the Scheme is based on net assets on a going concern. Should the Scheme not be implemented, the Directors consider there would be a material uncertainty over Decimal's ability to continue operating as a going concern and in these circumstances an orderly realisation of assets or liquidation of assets method would be more appropriate to value Decimal. In our opinion, the value of a Decimal Share under either of these methods would not be materially different from the value assessed above.

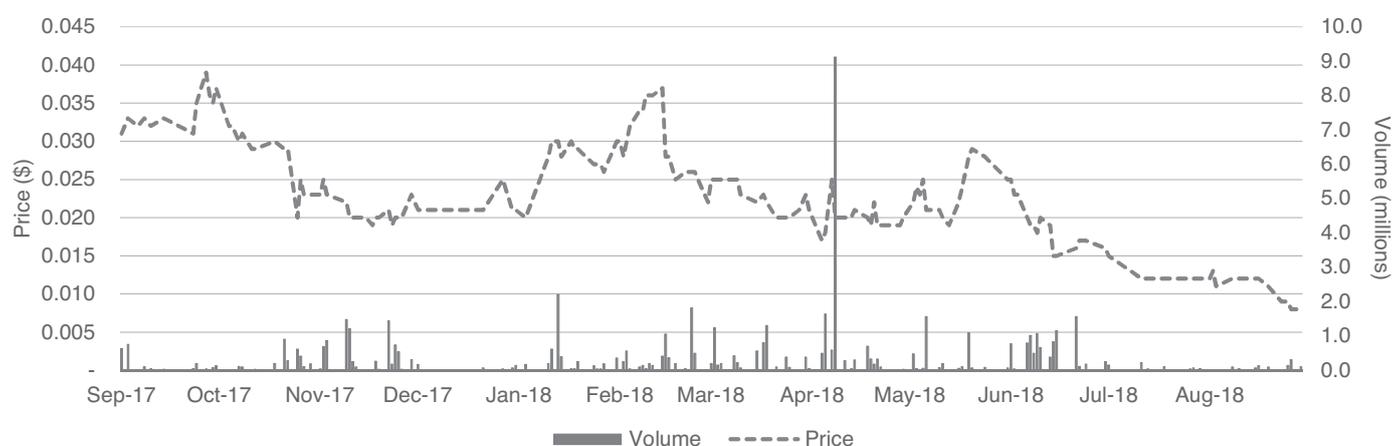
### **Quoted Price of Listed Securities**

- 8.12 As our secondary valuation methodology of a Decimal Share, we have also assessed the fair market value based on the quoted market price.

### **Analysis of recent trading in Decimal shares**

- 8.13 The figure below sets out a summary of Decimal's closing share prices and traded volumes in the year to 17 September 2018, being the last day Decimal Shares traded prior to the announcement of the Scheme. The assessment reflects trading prior to the announcement in order to avoid the influence of any movement in price that may have occurred as a result of the announcement of the Scheme.

Figure 4: Decimal Share price volume



Source: S&P Capital IQ

8.14 To provide further analysis of the quoted market prices for Decimal’s Shares, we have considered the Volume Weighted Average Price (“VWAP”) for the 5, 10, 30, 60, 90, 120 and 180 trading days prior to and including 17 September 2018, as summarised in the table below.

Table 10: VWAP of Decimal’s Shares

# of Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
<b>VWAP</b>	<b>0.008</b>	<b>0.008</b>	<b>0.009</b>	<b>0.010</b>	<b>0.017</b>	<b>0.019</b>	<b>0.020</b>	<b>0.022</b>
Total volume (000’s)	103.5	568.5	799.7	1,183.0	9,434.1	15,052.9	33,126.3	46,312.4
Total volume as a % of free float	0.05%	0.30%	0.42%	0.62%	4.91%	7.83%	17.23%	24.08%
Low price	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008
High price	0.008	0.010	0.013	0.015	0.020	0.030	0.030	0.038

Source: S&P Capital IQ

8.15 As set out in the table above, the VWAP of Decimal’s Shares fluctuated between \$0.008 and \$0.022 over the past 180 trading days and between \$0.008 and \$0.017 in the 60-day trading period before the announcement of the Scheme.

8.16 During the 180-day trading period prior to and including 17 September 2018, approximately 24.08% of Decimal’s free float shares were traded, indicating that it has relatively low liquidity although it is traded regularly and has a wide shareholder spread.

### Valuation of a Decimal share (Quoted price of listed securities methodology)

8.17 We have assessed the value of a Decimal Share using the quoted market price methodology to be in the range of \$0.010 (1.0 cents) to \$0.0135 (1.35 cents) with a preferred mid-point value of \$0.0117 (1.17 cents), on a controlling basis.

**Table 11: Assessed value of a Decimal Share – Quoted Price of Listed Securities**

\$	Ref	Low	High	Preferred
Quoted market price	8.18	0.008	0.010	0.009
Premium for control (25% to 35%)	8.23	25%	35%	30%
<b>Quoted market price - controlling value \$</b>		<b>0.010</b>	<b>0.0135</b>	<b>0.0117</b>
<b>Quoted market price - controlling value (cents)</b>		<b>1.00</b>	<b>1.35</b>	<b>1.17</b>

Source: RSM Analysis

## Key assumptions

### *Value of a Decimal share on a minority basis*

8.18 Based on the above analysis of the recent trading in Decimal's Shares, we have assessed the value of a Decimal Share on a minority interest basis, to be in the range of \$0.008 and \$0.010, being the last traded price of a Decimal Share prior to the announcement of the Scheme and the 30-day VWAP, respectively. We have adopted the VWAP for these periods on the basis that they are most representative of the current value of a Decimal Share, as they reflect the Company's most recent announcements relating to its future prospects and financial position.

8.19 We note that the closing share price of Decimal fell to \$0.012 after the announcement of the strategic review in mid-July 2018 and has continued to fall in September 2018, following the release of the Company's preliminary FY18 financial results. Decimal Shares have not traded above \$0.015 in the two months prior to the announcement of the Transaction, and therefore we do not consider the 60-day trading period VWAP at \$0.017 to be reflective of the current value of a Decimal Share.

### *Premium for control*

8.20 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; and
- control over dividend policies.

8.21 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. 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).

8.22 As the Scheme represents a control transaction, in assessing the value of 100% of Decimal and a Decimal Share we have applied a premium for control. In selecting this control premium we have considered the findings in the RSM 2017 Control Premium Study which analysed control premiums paid over an 11-year period to 30 June 2016

in 463 successful takeovers and schemes of arrangements of companies listed on the ASX. Our study concluded that, on average, control premiums paid were in the range of 25% to 35%.

8.23 On the basis of the above we believe that a premium for control in the range of 25% to 35% is appropriate in assessing the value of a controlling interest in Decimal.

## Valuation Summary and Conclusion

8.24 A summary of our assessed values of a Decimal Share on a controlling basis prior to implementation of the Scheme, derived under the two primary methodologies, is set out in the table below.

**Table 12: Summary of Primary Valuation Methodologies**

Cents	Ref	Low	High	Preferred
Net assets on a going concern basis	8.2	0.03	0.03	0.03
Quoted market price	8.17	1.00	1.35	1.17

Source: RSM Analysis

8.25 We note that the value determined from the net assets basis is significantly lower than our assessed value derived using the quoted market price methodology. This is primarily due to the net assets approach attributing no value to the IP and technology assets developed by Decimal, or the existing customer contracts, as the assets/contracts are currently not cash flow positive and we do not consider that we have reasonable grounds to assess a market value from the data available.

8.26 We consider that the value derived under the quoted market price reflects investors' perception of the value of these intangible assets and the future prospects of the Company's technology, particularly given the relatively early stage of customer acquisition.

8.27 Whilst we recognise there are some limitations to the quoted market price valuation analysis given the trading history of Decimal Shares, we consider that the assessed value using the net assets basis does not appropriately reflect the value of Decimal's intangible assets and therefore we have adopted the quoted market price valuation range in our assessment.

8.28 We therefore consider that the Fair Market Value of a Decimal Share on a controlling basis is in the range of \$0.010 (1.0 cents) to \$0.0135 (1.35 cents), with a preferred value of \$0.0117 (1.17 cents) which has been derived using the quoted market price basis.

## Cross-check of Sargon Offer to Comparable Transactions

8.29 As a cross-check to the Sargon Offer price, we have reviewed the enterprise value (“EV”) of the Offer against comparable transactions by analysing the implied multiples of recurring revenue.

8.30 Whilst this approach provides some indication of the market value inherent in Software as a Service businesses based on actual transactions, it is generally considered to be a less persuasive valuation methodology as the multiple of revenue analysis ignores:

- The operating cost base required to generate those revenues and that this may vary significantly between the companies being observed;
- Whether those companies were currently profitable or making losses like Decimal as at the acquisition date; and
- Their future growth prospects.

8.31 The table below sets out the EV of Decimal based on the Sargon Offer and the implied multiple of annual recurring revenue (“ARR”). This shows that the implied EV/ARR multiple in the Sargon Offer is 4.95x.

**Table 13: Cross-Check of Sargon Offer – Implied Multiple of Recurring Revenue**

	Scheme Offer
Number of shares on issue, pre-Scheme	315,773,155
Offer price - controlling basis (\$)	0.0141
<b>Enterprise value of Decimal (\$'000s)</b>	<b>4,452</b>
FY18 Annual Recurring Revenue \$'000s	900
<b>Implied multiple of ARR</b>	<b>4.95</b>

Source: RSM Analysis

8.32 We have reviewed comparable control transactions in the Australian technology sector, and specifically SaaS companies, and observed EV/ARR multiples in the range of 2.4 to 6.5 times as set out in Appendix D. The implied multiple in the Sargon Offer is therefore consistent with the comparable transactions range.

## 9. Is the Scheme Fair to the Shareholders?

- 9.1 ASIC RG 111 defines a takeover offer as being fair if the value of the consideration offered under the takeover offer or in this case, the Scheme, is equal to or greater than the value of the securities being the subject of the offer.
- 9.2 In assessing whether we consider the Scheme to be fair to the Shareholders, we have valued a Decimal Share prior to the implementation of the Scheme and compared it to the value of the consideration offered per Decimal Share, to determine whether a Shareholder would be better or worse off should the Scheme be approved.
- 9.3 Our assessed values are summarised below.

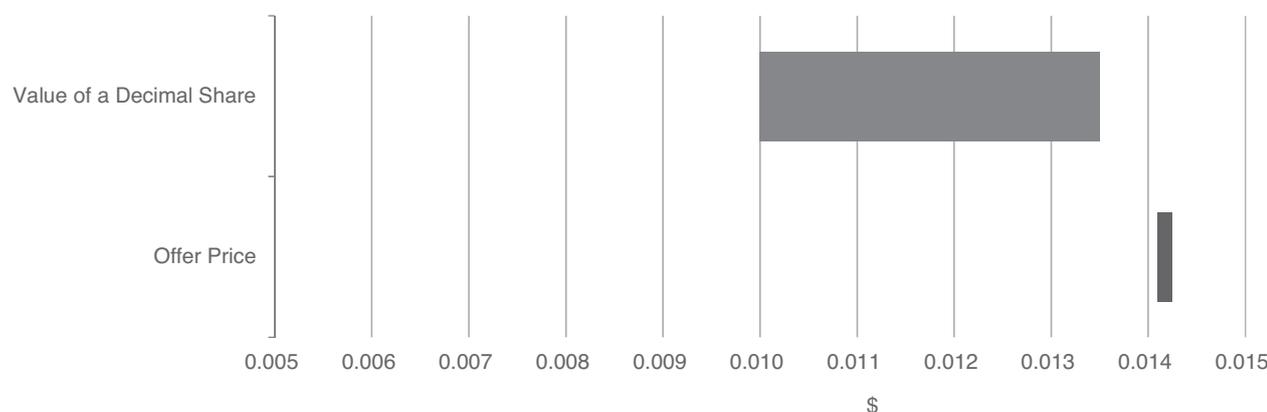
**Table 14: Valuation summary**

Cents	Ref	Low	High
Assessed value of a Decimal Share (on a controlling basis)	8.28	1.00	1.35
Consideration offered	7.14	1.41	1.41
<b>Premium offered to assessed value</b>		<b>0.41</b>	<b>0.06</b>
<b>Premium as %</b>		<b>41.0%</b>	<b>4.4%</b>

Source: RSM Analysis

- 9.4 The above comparison is depicted graphically in the figure below.

**Figure 5: Valuation Summary**



Source: RSM Analysis

- 9.5 As our assessed value of a Decimal Share prior to the Scheme is lower than the value of the consideration, we consider that, in the absence of any other relevant information and/or a superior proposal, in our opinion, the Scheme is fair to the Shareholders.
- 9.6 Shareholders should be aware that our assessment of the value of a Decimal Share does not necessarily reflect the price at which Decimal Shares will trade if the Scheme is not implemented. The price at which Decimal Shares may trade in the absence of the Scheme will depend on a number of factors including the underlying financial performance and position of the Decimal business, the liquidity of Decimal Shares and general macro-economic factors. We particularly draw the attention of Shareholders to our comments in Section 10 regarding the future prospects of Decimal if the Scheme is not approved and no alternative offer emerges.

## 10. Consideration of other factors relating to the Scheme

10.1 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 a higher bid. We consider and outline in this Section of the Report an analysis of other factors which are likely to be relevant to the Shareholders in their assessment of the Scheme.

### Future Prospects of Decimal if the Scheme is not approved

10.2 If the Scheme does not proceed, the Directors of Decimal believe that there would be significant uncertainty regarding Decimal's ability to continue as a going concern in the absence of an alternative offer emerging.

10.3 The Directors expect that Decimal will need to raise additional working capital immediately following a termination of the Scheme to repay any amounts drawn down on the Sargon Loan Facilities and to fund Decimal's ongoing activities. Any additional funding through share issues is dependent on market conditions at the time. Given the current financial performance and position of Decimal, equity and debt funding may not be available within the required timeframe, or it may be available but only at unfavourable terms.

10.4 If the Scheme is not approved and no additional funding is available to Decimal in time to meet its various commitments, the Board would need to consider Decimal's solvency position and is likely to result in the appointment of an administrator or other formal insolvency option.

### Advantages of approving the Scheme

10.5 The table below provides commentary on our considered advantages of approving the Scheme for Shareholders.

Advantage	Comments
The Offer is fair	If an Offer is fair then it is reasonable
Premium to the underlying share price	The Offer represents a premium of 76% to the closing share price of Decimal immediately prior to the announcement of the Scheme, being \$0.008 on 17 September 2018 (the last day Decimal Shares were traded), and a 41% premium to the 30-day VWAP of Decimal Shares prior to the announcement. The Offer therefore allows Shareholders to realise value for their shares in excess of the price at which they were trading before the Scheme was announced. This level of premium may not be available to Shareholders in the absence of the Scheme.
Certainty of cash	The Scheme allows Shareholders to receive certain and immediate value for their investment in Decimal free of any realisation costs.
Funding requirements	Decimal is expected to require additional working capital funding to continue its operations should the Scheme not be implemented. The Board has recently undertaken a consultation process with advisers to identify potential funding and ownership options, the only formal offer to eventuate was from Sargon. The possibility of raising additional equity capital was explored during this process but not progressed due to timeframe constraints and inability to secure a cornerstone investor during the period. If the Scheme does not proceed, the Company may not be able to raise additional equity capital or, if it is able to do so, this could be on terms which are highly dilutive to the interests of existing shareholders. The Scheme alleviates this funding risk.
Insolvency risk	The Directors consider there to be a significant risk of Decimal being unable to continue as a going concern in the event that the Scheme does not proceed and additional funding is not able to be secured.
Opportunity to reinvest in alternative investments	If the Scheme is implemented, the Shareholders have the opportunity to re-invest the cash proceeds in alternative investments.

## Disadvantages of approving the Scheme

Disadvantage	Comments
No exposure to the potential upside of Decimal	Implementation of the Scheme will result in Decimal Shareholders no longer holding an ownership interest in Decimal and consequently, Shareholders will not benefit from any potential future capital growth and/or profits generated by the Decimal business.
Growth opportunities in the industry	The findings of the Royal Commission could lead to financial institutions seeking to address regulatory requirements using automated advice technology such that provided by Decimal, although alternative providers or digital strategies may also be considered. Shareholders may therefore consider that the long-term potential of Decimal's technology in this industry could deliver more benefits than the existing Offer. However, there is no guarantee as to Decimal's future performance or access to funding and there are risks associated with remaining a Decimal Shareholder as outlined in this section of our Report.
Taxation implications	Implementation of the Scheme may result in tax consequences for Shareholders. Shareholders should consult their own tax advisers regarding the taxation implications of the Scheme given their own personal circumstances.

## The extent to which a control premium is being paid

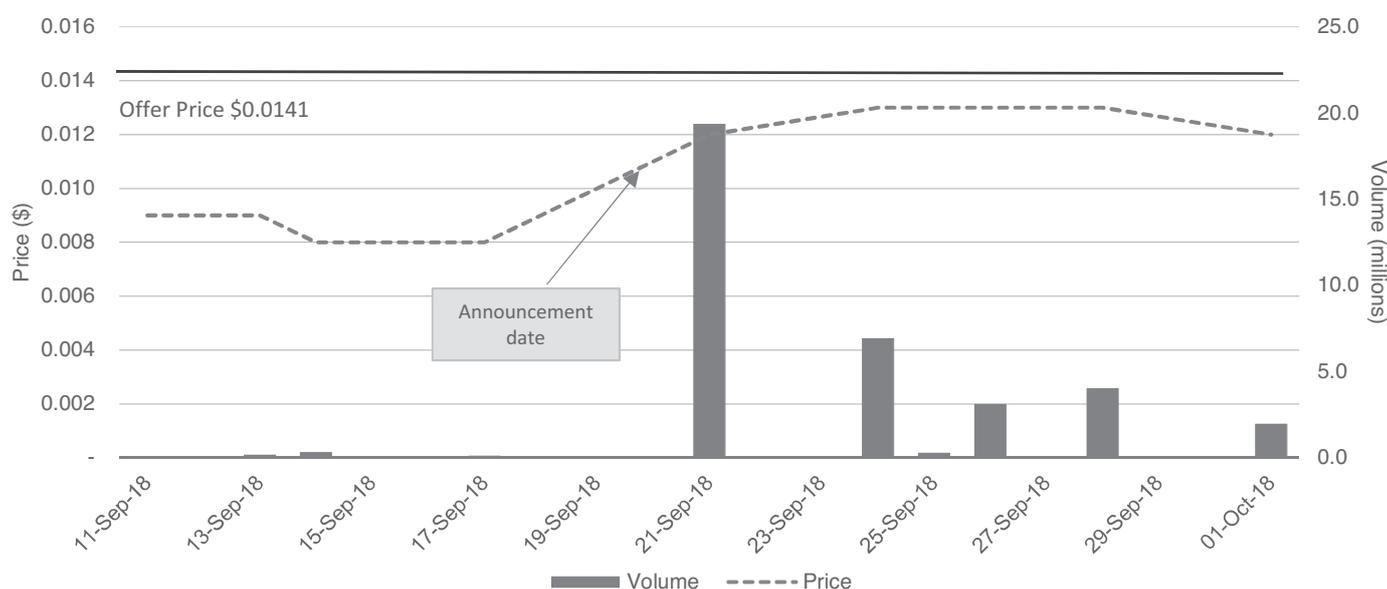
10.6 The value of the consideration offered is \$0.0141 (1.41 cents) per Decimal Share. This value represents a premium of 76% of the closing price of Decimal Shares of \$0.008 (0.8 cents) on 17 September 2018 (being the last day Decimal Shares were traded immediately prior to the announcement of the Scheme), and a premium of 20.5% of our assessment of the preferred value of a Decimal Share of \$0.0117 (1.17 cents) prior to the Scheme.

## The price of Decimal Shares after the announcement of the Scheme

10.7 The Scheme was announced to the ASX on 20 September 2018. The announcement resulted in a 50% increase in Decimal's share price from the latest traded price of \$0.008 per share on 17 September 2018 to \$0.012 per share on 21 September 2018.

10.8 The graph below shows the trading in Decimal shares immediately prior to and after the announcement of the Scheme.

Figure 6: Trading in Decimal Shares



Source: S&P Capital IQ

10.9 In the two-day period following the announcement approximately 8.32% of Decimal's total volume of shares were traded. The VWAP of Decimal's shares for the 5-day period after the announcement was \$0.013 which is 30% higher than the 30-day VWAP of \$0.010 prior to the announcement of the Scheme. If the Scheme does not proceed, it is possible that the Decimal share price will fall to its previous traded level (prior to the announcement) or lower given the limited alternative funding options available to the Company.

### **Alternative proposals and likelihood of an alternative takeover offer**

10.10 The Directors have advised us that no formal alternative offers or approaches by potential acquirers have been received prior to the announcement of the Scheme on 20 September 2018, or since that date until issue of our Report.

10.11 The SIA prohibits Decimal from seeking competing proposals, however it does not prevent a third party from making an alternative proposal and does not prevent Decimal from responding to any such unsolicited proposal. Sargon has the right to match any competing proposal received.

10.12 The alternative to the Scheme is therefore for the Shareholders to vote against the Scheme in the hope that they can realise greater value from their investment in Decimal either through maintaining Decimal as an independent company or through the emergence of a superior proposal to the Scheme. Whilst there is no evidence to suggest that the Shareholders would be better off under this alternative, it is possible that an alternative offer may emerge prior to the Scheme Meeting. However, since the announcement of the Scheme on 20 September 2018, we understand that no superior offers have been put forward as the date of this Report.

### **Liquidity**

10.13 Historically, the liquidity of Decimal's shares has been low which may represent an impediment for Decimal Shareholders to sell their shares at fair market value. The Scheme provides the Shareholders with an ability to convert their investment in Decimal into cash.

### **Conclusion**

10.14 In the absence of any other relevant information and/or a superior proposal, RSM considers the Scheme to be reasonable to the Shareholders.

10.15 In conclusion, and in the absence of any other relevant information and/or a superior proposal, we consider the Scheme to be fair and reasonable to the Shareholders, and as such, that the Scheme is in the best interests of the Shareholders.

10.16 An individual shareholder's opinion in relation to the Scheme may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

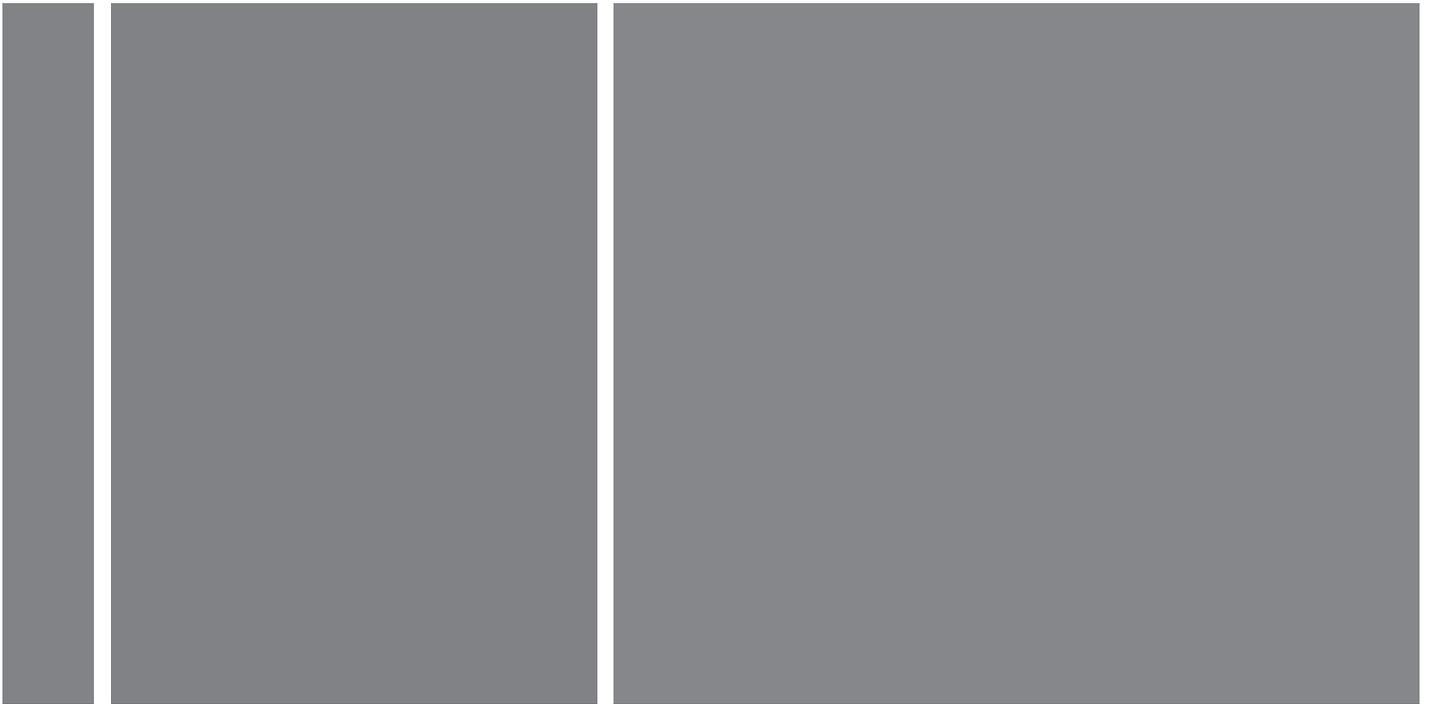
**RSM CORPORATE AUSTRALIA PTY LTD**



Nadine Marke  
Director



Justin Audcent  
Director



APPENDICES

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# A. DECLARATIONS AND DISCLAIMERS

## **Declarations and Disclosures**

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

## **Qualifications**

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

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

Ms Nadine Marke and Mr Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Ms Marke and Mr Audcent 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 the Shareholders in considering the Scheme. 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 Decimal 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 Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

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

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

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

## **Disclosure of Interest**

At the date of this Report, none of RSM Corporate Australia Pty Ltd, RSM, Ms Marke, Mr Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM Australia has any interest in the outcome of the Scheme, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of \$35,000 plus GST based on time occupied at normal professional rates for the preparation of this Report. The fees are payable regardless of whether Decimal receives Decimal Shareholder approval for the Scheme, or otherwise.

## **Consents**

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

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## B. SOURCES OF INFORMATION

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

- The Scheme Booklet (drafts);
- Decimal audited financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018;
- Details of Decimal Shareholders;
- ASX announcements of Decimal;
- S&P Capital IQ database;
- Connect4 database;
- Information provided to us during correspondence with the management of Decimal; and
- Decimal and Sargon websites.

## C. GLOSSARY OF TERMS

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
Company	Decimal Software Limited
Control	The power to direct the management and policies of an entity or business enterprise
Control basis or controlling basis	As assessment of the fair value of an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Control premium	An amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in an entity or business enterprise, to reflect the power of control
Decimal	Decimal Software Limited
Decimal Share	A fully paid ordinary share in Decimal
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, Fair Market Value or 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
IER or the Report	This Independent Expert's Report
Shareholders	The shareholders of Decimal
Non-controlling basis	An assessment of the fair value of an equity interest, which assumes the holder or holders do not have control of the entity in which the equity is held
NPBT	Net Profit Before Tax
NPAT	Net Profit After Tax
Regulations	Corporations Regulations 2001 (Cth)
Report	This Independent Expert's Report prepared by RSM
RG 111	ASIC Regulatory Guide 111 Contents of Expert's Reports
RSM	RSM Corporate Australia Pty Ltd
Sargon	Sargon Capital Pty Ltd
Second Court Hearing Date	The day on which the application is made to the Court for an order pursuant to section 411(4)(b) of the Act approving the Scheme
Scheme	The Scheme of Arrangement between Decimal and Sargon

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<b>Term or Abbreviation</b>	<b>Definition</b>
Scheme Booklet	Booklet prepared for the Scheme to which this Report is attached
SIA	Scheme Implementation Agreement executed by Decimal and Sargon on 20 September 2018
VWAP	Volume weighted average share price

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## D. COMPARABLE TRANSACTIONS

We have identified the following transactions involving control transactions of Australian companies in the Software as a Service sector, where the implied multiple of annual recurring revenue could be determined.

Announcement Date	Target Company	Bidder Company	Interest (%)	Deal Value (\$m)	Recurring Revenue (\$m)	ARR Multiple
2-Nov-17	Quinntessential Marketing Consulting Pty Ltd	Elmo Software Ltd	100%	10	4.2	2.4
29-Sep-16	Financial Synergy Pty Ltd	IRESS Ltd	100%	90	13.8	6.5
7-Mar-16	XOS Digital Inc	Catapult Group International Ltd	100%	80	25.8	3.1
<b>Average</b>						<b>4.0</b>

Further details on these transactions are provided below:

- The acquisition by Elmo Software Ltd of two specialised, SaaS based HR management software solutions (PeoplePulse and LiveSalary) was completed in November 2017 for a purchase price of \$10 million (excluding \$2 million contingent consideration) with an implied recurring revenue multiple of 2.4x. At the time of acquisition, the software products had 300 customer licences in production.
- Financial Synergy Pty Ltd was an established software provider to the Australian superannuation sector with reported EBITDA of \$9.4 million in FY16. Their technology platform Acurity operates as the core registry system for the administration, reporting and compliance requirements of their client base serving 4 million member accounts. The company was acquired by IRESS Limited in October 2016 at an implied recurring revenue multiple of 6.5x.
- Catapult Group International Ltd acquired XOS Technologies Inc, a leading provider in video analytic software solution to US sports teams, in 2016 at an implied multiple of 3.1x recurring revenue. XOS generated EBITDA of US\$6.0 million in FY16.

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## E. INDUSTRY OVERVIEW

### Australian Fintech Industry

Decimal operates within the fintech industry by operating a cloud-based software platform that enables enterprises to offer automated financial advice to the consumer market.

The Australian fintech industry has grown rapidly over the past five years partly driven by investment which increased from USD\$53 million in 2012 to approximately USD\$675 million in 2016, reported by KPMG in their latest collaboration with an industry body, Australian FinTech. The number of fintech companies has also grown substantially over the past five years from less than 100 companies to over 650 companies in 2018.

EY report that Australian fintech companies experienced large year on year revenue growth to the year ended 30 June 2017. Approximately 62% of FinTech companies experienced positive revenue growth in excess of 100% from the prior year.

According to EY FinTech Australian Census 2017, the success of firms within the fintech industry is driven by some of the following factors:

- *Talent:* Fintech firms are generally lean businesses that struggle to attract qualified and suitable talent. Diversity is also an issue with a high proportion of employees being male. Government initiatives such as the STEM pathway are aiming to combat this problem.
- *Capital:* The ability to raise funds and manage expenditure is fundamental to the success of a fintech company. Access to capital is slowly improving as more inflows of venture capital are being received from both within and outside Australia.
- *Demand:* Fintech start-ups need to be able to identify gaps within the market and offer a solution. Products developed by fintech companies need to be solution-centric and be able to provide an effective solution to their customers problems. A key challenge faced by these firms relates to the costs that are associated with customer acquisition.
- *Policy:* A high percentage of fintech start-ups believe that the top initiative for effective growth is to make research and development tax incentives more accessible to participants. Licensing is also an integral part of market strategy. ASIC has recently expressed its desire to find a balance between encouraging innovation whilst providing a suitable regulatory framework for fintech businesses.
- *Environment:* More than half of fintech start-ups considered that incubators and co-working spaces are an important contributor of success in the Fintech industry.

The fintech industry is predicted to continue growing over the next five years. Innovative smaller firms are expected to explore the potential of new technologies and use cloud computing and mobile internet in order to gain an advantage within the industry. The number of industry enterprises are forecast to continue growing as a result of the industry's moderate barriers to entry.

### Australian Financial Services Industry

Decimal is targeting customers who provide financial advice therefore we have also provided some commentary on the Financial Planning and Investment Advice industry in Australia, as detailed in the IBIS World Report K6419b released in June 2018.

The industry consists of establishments providing financial planning and advice to clients.

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The Financial Planning and Investment Advice industry has significantly changed over the past five years, this has been partly attributed to the introduction of the Future of Financial Advice (FOFA) legislation being introduced in July 2013 as a result several instances of poor financial advice from industry professionals that led to substantial losses for clients.

Industry revenue is expected to decline by 1.5% in FY18 as a result of a decline in confidence in industry services. The introduction of FOFA reforms were intended to ensure the industry's transparency and professional integrity. The interim findings from the Royal Commission into Banking, Superannuation and Financial Services indicate that many industry participants have not upheld the expected standards.

It is expected that industry revenue will grow at an annualised 0.3% over the five years through FY18, to \$4.7 billion as a result of an increase in the All Ordinaries index, rising residential housing prices and higher disposable income which has increased consumer wealth.

IBISWorld identifies the key external drivers as:

- High income earners;
- Real household disposable income;
- All Ordinaries index; and
- Population aged 50 and older.

There is a medium market share concentration within the industry. The top four firms within the industry are estimated to hold in excess of 40% of the market share. Financial advisory, or dealer groups dominate the industry as these are typically affiliated with larger financial institutions such as wealth management businesses or banks. Over the past five years, industry concentration has increased as a result of mergers and acquisitions.

### **Outlook**

The introduction of further regulatory reforms and refinements are expected to affect the industry's operating landscape over the next five years. There has been a widespread of breaches already found in the Royal Commission, with the final report due in February 2019.

It is expected that some existing firms will exit the industry, however the benefits of reform are predicted to outweigh the costs in the long term, as greater transparency in pricing and a more ethical remuneration and operational framework is likely to increase investor confidence which will lead to an increase in financial advice over the next five years.

Revenue within the industry is forecast to grow at an annualised 0.8% over the next five years through to FY23 to reach \$4.8 billion.

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Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, 2nd Floor, London EC4N 6JJ.

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# Annexure B – Scheme of Arrangement

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Decimal Software Limited

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The holders of ordinary shares in Decimal Software Limited as at the Record Date

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# Scheme of arrangement

Pursuant to section 411 of the Corporations Act

## Contents

<b>1</b>	<b>Definitions</b>	<b>1</b>
<b>2</b>	<b>Preliminary</b>	<b>3</b>
2.1	Decimal	3
2.2	Sargon	3
2.3	Summary of the Scheme	4
2.4	Scheme Implementation Agreement	4
2.5	Deed Poll	4
<b>3</b>	<b>Conditions</b>	<b>4</b>
3.1	Conditions of Scheme	4
3.2	Effect of conditions	5
3.3	Certificate	5
3.4	Termination of Scheme Implementation Agreement	5
3.5	Effective Date	5
3.6	End Date	5
<b>4</b>	<b>Scheme</b>	<b>6</b>
4.1	Lodgement of Court order	6
4.2	Transfer of Scheme Shares held by Scheme Participants	6
4.3	Transfer documentation	6
4.4	Provision of Scheme Consideration	6
4.5	Beneficial entitlement by Sargon	6
4.6	Transfer free of encumbrances	7
<b>5</b>	<b>Scheme Consideration</b>	<b>7</b>
5.1	Entitlement to Scheme Consideration	7
5.2	Payment of Scheme Consideration	7
5.3	Joint holders	8
5.4	Unclaimed monies	8
5.5	Orders of a court	8
<b>6</b>	<b>Scheme Participants</b>	<b>9</b>
6.1	Appointment of Sargon as sole proxy	9
6.2	Appointment of Decimal as sole attorney and agent	9
6.3	Scheme Participant's consent	9
6.4	Warranties by Scheme Participants	10
<b>7</b>	<b>Dealings in Decimal Shares</b>	<b>10</b>
7.1	Determination of Scheme Participants	10
7.2	Maintenance of Decimal Register	10
<b>8</b>	<b>Quotation of Decimal Shares</b>	<b>11</b>
<b>9</b>	<b>Notices</b>	<b>11</b>
9.1	General	11
9.2	Communications by post	11

9.3	Communications by fax	11
9.4	After hours communications	11
<b>10</b>	<b>General</b>	<b>12</b>
<hr/>		
10.1	Decimal and Scheme Participants bound	12
10.2	Further assurances	12
10.3	Alterations and conditions	12
10.4	No liability when acting in good faith	12
10.5	GST	12
10.6	Costs	12
10.7	Governing law and jurisdiction	13
10.8	Construction	13
10.9	Headings	14

**Date**

## Parties

**Decimal Software Limited** ACN 009 235 956 (**Decimal**)

**The holders of ordinary shares in Decimal as at the Record Date**

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## Agreed terms

### 1 Definitions

In this document these terms have the following meanings:

<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.
<b>ASX Listing Rules</b>	The official listing rules of ASX.
<b>Business Day</b>	A day that is each of the following: (a) a Business Day within the meaning given by the ASX Listing Rules; and (b) a day that banks are open for business in Perth, Western Australia or Melbourne, Victoria.
<b>CHESS</b>	The Clearing House Electronic Subregister System, which facilitates electronic security transfer in Australia, operated by ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>Court</b>	The Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by Decimal and Sargon.
<b>Decimal Option</b>	An option to subscribe for Decimal Shares issued by Decimal.
<b>Decimal Register</b>	The register of members of Decimal maintained by or on behalf of Decimal in accordance with section 168(1) of the Corporations Act and <b>Decimal Registry</b> has a corresponding meaning.
<b>Decimal Share</b>	A fully paid ordinary share in the capital of Decimal.

<b>Decimal Shareholder</b>	Each person who is registered in the Decimal Register as the holder of Decimal Shares.
<b>Deed Poll</b>	The deed poll dated 25 October 2018 executed by Sargon in substantially the same form of Annexure B of the Scheme Implementation Agreement, under which Sargon covenants in favour of each Scheme Participant to perform its obligations under this Scheme and the Scheme Implementation Agreement in relation to the implementation of this Scheme.
<b>Effective</b>	The coming into effect, pursuant to section 411(10) of the Corporations Act, of the Scheme Order, but not before an office copy of the Scheme Order is lodged with ASIC.
<b>Effective Date</b>	The date on which the Scheme becomes Effective.
<b>End Date</b>	31 December 2018 or such later date as Sargon and Decimal agree in writing.
<b>GST</b>	The meaning given to that term in the <i>A New Tax System (Goods &amp; Services Tax) Act 1999</i> (Cth).
<b>Immediately Available Funds</b>	Electronic funds transfer or other form of cleared funds acceptable to Decimal.
<b>Implementation Date</b>	The fifth Business Day following the Record Date, or such other date as ordered by the Court or agreed between Sargon and Decimal.
<b>Record Date</b>	5.00 pm on the second Business Day following the Effective Date or such other date and time as Decimal and Sargon agree.
<b>Registered Address</b>	In relation to a Decimal Shareholder, the address shown in the Decimal Register as at the Record Date.
<b>Sargon</b>	Sargon Capital Pty Ltd ACN 608 799 873.
<b>Scheme</b>	This scheme of arrangement, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Decimal and Sargon.
<b>Scheme Consideration</b>	The consideration to be provided by Sargon in consideration for the transfer of the Scheme Shares held by a Scheme Participant to Sargon, being, in respect of each Scheme Share, \$0.0141 cash (subject to the terms of this Scheme).
<b>Scheme Implementation Agreement</b>	The scheme implementation agreement between Sargon and Decimal dated 20 September 2018.
<b>Scheme Meeting</b>	The meeting ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in

	respect of the Scheme.
<b>Scheme Order</b>	The order of the Court made for the purposes of section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in respect of the Scheme.
<b>Scheme Participant</b>	Each holder of Scheme Shares as at the Record Date.
<b>Scheme Shares</b>	All the Decimal Shares on issue on the Record Date.
<b>Scheme Transfer</b>	For each Scheme Participant, a proper instrument of transfer of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.
<b>Second Court Date</b>	The first day on which an application made to the Court for the Scheme Order is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.
<b>Second Court Hearing</b>	The hearing of the application made to the Court for the Scheme Order.
<b>Trust Account</b>	The trust account operated by or on behalf of Decimal to hold the Scheme Consideration on trust for the Scheme Participants for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with <b>clause 5.2</b> of this Scheme, as nominated by Decimal at least 5 Business Days prior to the Implementation Date.

## 2 Preliminary

### 2.1 Decimal

- (a) Decimal is a public company incorporated in Australia and registered in New South Wales, having its registered office at Level 12, 680 George Street, Sydney NSW 2000.
- (b) Decimal is:
  - (i) a public company limited by shares under section 112(1) of the Corporations Act; and
  - (ii) admitted to the official list of ASX and fully paid Decimal Shares are quoted on the official list of ASX.

### 2.2 Sargon

- (a) Sargon is a proprietary company incorporated in Australia and registered in Victoria, having its registered office at Level 9, 287-293 Collins Street, Melbourne VIC 3000.
- (b) Sargon is a proprietary company limited by shares under section 112(1) of the Corporations Act.

## **2.3 Summary of the Scheme**

If the Scheme becomes Effective, then:

- (a) in consideration of the transfer of the Scheme Shares to Sargon, Decimal will procure Sargon to provide the Scheme Consideration to each Scheme Participant in respect of each Scheme Share held by the Scheme Participant in accordance with the terms of the Scheme;
- (b) subject to Sargon's compliance with its obligations in **clause 2.3(a)** and the Deed Poll, all of the Scheme Shares will be transferred to Sargon on the Implementation Date; and
- (c) Decimal will enter the name and address of Sargon in the Decimal Register as the holder of the Scheme Shares transferred to Sargon in accordance with the terms of the Scheme.

## **2.4 Scheme Implementation Agreement**

Sargon and Decimal have entered into the Scheme Implementation Agreement to record the terms on which Sargon and Decimal have agreed to implement the Scheme.

## **2.5 Deed Poll**

Sargon has executed the Deed Poll in favour of the Scheme Participants pursuant to which it has covenanted to perform (or procure the performance of) its obligations under the Scheme, including to provide to each Scheme Participant the Scheme Consideration to which such Scheme Participant is entitled under the Scheme and to carry out its other obligations under the Scheme Implementation Agreement and do all things necessary or expedient on its part to implement the Scheme.

# **3 Conditions**

## **3.1 Conditions of Scheme**

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

- (a) all of the conditions precedent set out in schedule 1 of the Scheme Implementation Agreement having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement (other than the condition precedent in item 11 of schedule 1 of that agreement), as at 8.00 am on the Second Court Date;
- (b) as at 8.00 am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms;
- (c) the Scheme having been approved at the Scheme Meeting, with or without modification, by the requisite majority of Decimal Shareholders in accordance with section 411(4)(a) of the Corporations Act or, if the Scheme is not agreed to by the requisite majority of Decimal

Shareholders, the Court orders otherwise in accordance with section 411(4)(a) of the Corporations Act;

- (d) the Court having approved the Scheme pursuant to section 411(4)(b) of the Corporations Act, without modification or with modifications which are acceptable to both Decimal and Sargon;
- (e) such other conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Sargon and Decimal being satisfied.

### **3.2 Effect of conditions**

The satisfaction of the conditions in **clause 3.1** is a condition precedent to the operation of the provisions of **clauses 4, 5, 6 and 8**.

### **3.3 Certificate**

- (a) Decimal must provide, and must procure Sargon to provide, to the Court on the Second Court Date a certificate authorised by its respective board and signed by at least one of its respective directors (or such other evidence as the Court may request) stating (to the best of its knowledge) whether or not all the conditions precedent in **clauses 3.1(a), 3.1(b) and 3.1(c)** have been satisfied or waived (subject to the terms of the Scheme Implementation Agreement) as at 8.00 am on the Second Court Date.
- (b) The giving of a certificate by each of Decimal and Sargon in accordance with this **clause 3.3** will, in the absence of manifest error, be conclusive evidence of the matters referred to in the certificate.

### **3.4 Termination of Scheme Implementation Agreement**

Without limiting rights under the Scheme Implementation Agreement, if the Scheme Implementation Agreement is terminated in accordance with its terms before 8.00 am on the Second Court Date, Decimal and Sargon are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme,

provided that Decimal and Sargon retain the rights they have against each other in respect of any prior breach of the Scheme Implementation Agreement in accordance with the terms of that agreement.

### **3.5 Effective Date**

Subject to **clause 3.6**, this Scheme takes effect on the Effective Date.

### **3.6 End Date**

The Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date has not occurred on or before the End Date; or
- (b) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms,

unless Decimal and Sargon otherwise agree in writing.

## **4 Scheme**

### **4.1 Lodgement of Court order**

Decimal must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Scheme Order as soon as reasonably practicable and in any event no later than 5.00pm on the first Business Day after the day on which the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act or such later time as Decimal and Sargon agree in writing.

### **4.2 Transfer of Scheme Shares held by Scheme Participants**

On the Implementation Date, in consideration of and subject to provision by Sargon of the Scheme Consideration in accordance with **clause 5.1**, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at that date, will be transferred to Sargon without the need for any further acts by any Scheme Participant (other than acts performed by Decimal as attorney and agent for Scheme Participants under **clause 6**) by:

- (a) Decimal delivering to Sargon on the Implementation Date a duly completed Scheme Transfer executed by Decimal as attorney for the Scheme Participants for execution by Sargon; and
- (b) Sargon duly executing and delivering the Scheme Transfer to Decimal on the Implementation Date.

### **4.3 Transfer documentation**

Immediately following receipt by Decimal of the duly executed Scheme Transfer, Decimal must register Sargon in the Decimal Register as the holder of all of the Scheme Shares transferred to Sargon in accordance with the terms of this Scheme.

### **4.4 Provision of Scheme Consideration**

- (a) Decimal must procure Sargon to provide, or procure the provision of, the Scheme Consideration to each Scheme Participant on the Implementation Date in accordance with, and subject to the terms of, this Scheme and the Deed Poll.
- (b) Decimal undertakes in favour of each Scheme Participant to enforce the Deed Poll against Sargon on behalf of and as agent for the Scheme Participants.

### **4.5 Beneficial entitlement by Sargon**

From the time of the provision of the Scheme Consideration to the Scheme Participants in accordance with **clause 5.1** on the Implementation Date, Sargon will be beneficially entitled to the Scheme Shares (together with all rights and entitlements attached to the Scheme Shares) to be transferred to it

under the Scheme pending registration of Sargon in the Decimal Register as the holder of those Scheme Shares.

#### **4.6 Transfer free of encumbrances**

To the extent permitted by law, all Decimal Shares (including any rights and entitlements attaching to those shares) which are transferred to Sargon under this Scheme will, at the date of transfer of them to Sargon, vest in Sargon free from all mortgages, pledges, charges, liens, encumbrances and security interests and other interests of third parties of any kind (whether legal or otherwise), and free from any restrictions on transfer of any kind not referred to in this Scheme.

## **5 Scheme Consideration**

### **5.1 Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to Sargon of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with this Scheme subject to the terms of the Deed Poll.

### **5.2 Payment of Scheme Consideration**

- (a) On the Implementation Date Decimal must pay or procure the payment of the Scheme Consideration to each Scheme Participant.
- (b) Sargon must, and Decimal must use its best endeavours to procure that Sargon does, no later than 2 Business Days before the Implementation Date, deposit (or procure the deposit) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited, less bank fees and other charges, will be to Sargon's account).
- (c) On the Implementation Date, subject to receipt of the Scheme Consideration from Sargon in accordance with **clause 5.2(b)** of this Scheme, Decimal must pay or procure the payment to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to Sargon on the Implementation Date by that Scheme Participant, whereby the amounts referred to in this **clause 5.2(c)** must be paid by:
  - (i) where a Scheme Participant before the Record Date has made an election in accordance with the requirements of the Decimal Registry to receive dividend payments from Decimal by electronic funds transfer to a bank account nominated by the Scheme Participant, paying by direct credit to the nominated bank account; or
  - (ii) a Scheme Participant has not made an election referred to in **clause 5.2(c)(i)**, sending a cheque drawn on an Australian bank in

Australian currency to each Scheme Participant by pre-paid ordinary post (or if the address of the Scheme Participant in the Decimal Register is outside Australia, by pre-paid airmail post) to their address recorded in the Decimal Register as at the Record Date (or in the case of joint holders, in accordance with the procedures set out in **clause 5.3**).

### **5.3 Joint holders**

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

### **5.4 Unclaimed monies**

- (a) Decimal may cancel a cheque issued under **clause 5.1** of this Scheme if the cheque:
  - (i) is returned to Decimal; or
  - (ii) has not been presented for payment within six months after the date on which the cheque is sent.
- (b) During the period of one year commencing on the Implementation Date, on a written request from a Scheme Participant, Decimal must re-issue a cheque that was previously cancelled under this **clause 5.4**. Any interest of other benefit accruing from unclaimed Scheme Consideration will be to the benefit of Sargon.
- (c) The *Unclaimed Money Act 1990 (WA)* will apply in relation to any Scheme Consideration that becomes “unclaimed money” (as defined in the *Unclaimed Money Act 1990 (WA)*).

### **5.5 Orders of a court**

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

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant which would otherwise be payable to that Scheme Participant in accordance with **clause 5.2** of this Scheme, then Decimal shall procure that payment is made in accordance with that order; or
- (b) which would prevent Decimal from dispatching payment to any particular Scheme Participant in accordance with **clause 5.2** of this Scheme, then Decimal will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with **clause 5.2** of this Scheme is permitted by law.

## 6 Scheme Participants

### 6.1 Appointment of Sargon as sole proxy

Subject to the payment of the Scheme Consideration for the Scheme Shares in accordance with this Scheme, on and from the Implementation Date until Decimal registers Sargon as the holder of all the Scheme Shares in the Decimal Register, each Scheme Participant:

- (a) is deemed to have irrevocably appointed Sargon as its attorney and agent (and directed Sargon in such capacity) to appoint such officer or agent nominated by Sargon to be its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings of Decimal, exercise the votes attaching to Scheme Shares registered in its name and sign any shareholders' resolution, whether in person, by proxy or by corporate representative, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this **clause 6.1(a)**);
- (b) must take all other actions in the capacity of the registered holder of Scheme Shares as Sargon directs; and
- (c) acknowledges and agrees that in exercising the powers referred to in this clause, Sargon may act in the best interests of Sargon as the intended registered holder of the Scheme Shares.

### 6.2 Appointment of Decimal as sole attorney and agent

Each Scheme Participant, without the need for any further act, irrevocably appoints Decimal and each of the directors and officers of Decimal, jointly and severally, as the Scheme Participant's attorney and agent for the purpose of executing any document necessary or expedient to give effect to the Scheme (including executing a Scheme Transfer and any instrument appointing Sargon as sole proxy for or, where applicable, corporate representative of each Scheme Participant as contemplated by **clause 6.1**) or doing any other act necessary or desirable to give full effect to the Scheme and the transactions contemplated by it.

### 6.3 Scheme Participant's consent

Each Scheme Participant:

- (a) consents to Decimal doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme and Decimal, as agent of each Scheme Participant, may sub-delegate its functions under this **clause 6.3** to any of its directors and officers, severally; and
- (b) agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares to Sargon, in accordance with the Scheme.

## 6.4 Warranties by Scheme Participants

Each Scheme Participant is deemed to have warranted to Decimal, in its own right and for the benefit of Sargon, that:

- (a) all of the Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to Sargon under the Scheme will be transferred to Sargon free from all mortgages, pledges, charges, liens, encumbrances and security interests and other interests of third parties of any kind, whether legal or otherwise; and
- (b) they have full power and capacity to sell and transfer their Scheme Shares to Sargon (including any rights and entitlements attaching to those shares).

## 7 Dealings in Decimal Shares

### 7.1 Determination of Scheme Participants

- (a) For the purpose of establishing the persons who are the Scheme Participants, dealings in Scheme Shares will only be recognised if:
  - (i) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Decimal Register as the holder of the relevant Scheme Shares at the Record Date; and
  - (ii) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Record Date at the place where the Decimal Register is kept.
- (b) Decimal must register registrable transmission applications or transfers of the kind referred to in **clause 7.1(a)(ii)** by the Record Date.
- (c) Decimal will not accept for registration or recognise for any purpose any transmission applications or transfers in respect of Scheme Shares received after the Record Date, other than a transfer to Sargon in accordance with the Scheme and any subsequent transfer by Sargon, or its successors in title.
- (d) If the Scheme becomes Effective, a holder of Decimal Shares (and any person claiming through that holder) must not dispose of or purport to agree to dispose of any Decimal Shares or any interest in them after the Effective Date and any such disposal will be void and of no legal effect whatsoever.

### 7.2 Maintenance of Decimal Register

- (a) For the purpose of determining entitlements to the Scheme Consideration, Decimal will, until the Scheme Consideration has been provided, maintain the Decimal Register in accordance with the provisions of this **clause 7** and the Decimal Register in this form will solely determine entitlements to the Scheme Consideration.

- (b) All certificates and holding statements for Scheme Shares (other than holding statements in favour of Sargon and its successors in title after the Implementation Date) will cease to have any effect from the Record Date as documents of title in respect of those Scheme Shares. Subject to provision of the Scheme Consideration by Sargon and registration of the transfer to Sargon of the Scheme Shares contemplated by **clause 4.2**, after the Record Date, each entry current at that date on the Decimal Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

## 8 Quotation of Decimal Shares

- (a) Decimal will apply to ASX to suspend trading on ASX in Decimal Shares with effect from the close of trading on ASX on the Effective Date.
- (b) After the Scheme has been fully implemented, Decimal will apply:
  - (i) for termination of the official quotation of Decimal Shares on ASX; and
  - (ii) to have itself removed from the official list of ASX.

## 9 Notices

### 9.1 General

Any notice, transfer, transmission, application, direction, demand, consent or other communication (**Notice**) given or made under this document must be in writing in English and signed by the sender or a person duly authorised by the sender.

### 9.2 Communications by post

Subject to **clause 9.4**, where a Notice referred to in this document is sent by post to Decimal, it will not be deemed to have been received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Decimal's registered office or at the Decimal Registry.

### 9.3 Communications by fax

Subject to **clause 9.4**, a Notice is given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

### 9.4 After hours communications

If a Notice is given:

- (a) after 5.00 pm in the place of receipt; or

- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

## 10 General

### 10.1 Decimal and Scheme Participants bound

The Scheme binds Decimal and all Scheme Participants (including Scheme Participants who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme) and will, for all purposes, to the extent of any inconsistencies and permitted by law, have effect notwithstanding any provision in the constitution of Decimal.

### 10.2 Further assurances

Subject to **clause 10.3**, Decimal will execute all documents and do all acts and things (on its own behalf and on behalf of each Decimal Shareholder) necessary or expedient for the implementation of, and performance of its obligations under, the Scheme.

### 10.3 Alterations and conditions

Decimal may, with the consent of Sargon, by its counsel consent on behalf of all Scheme Participants to any modifications or conditions which the Court thinks fit to impose, provided that in no circumstances will Decimal be obliged to do so.

### 10.4 No liability when acting in good faith

Neither Decimal nor Sargon nor any of their respective directors, officers, employees or advisors (as applicable) will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

### 10.5 GST

Decimal must pay to the Scheme Participants an amount equal to any GST for which the Scheme Participants are liable on any supply by the Scheme Participants under or in connection with the Scheme, without deduction or set off of any other amount.

### 10.6 Costs

Any costs, and any stamp duty and any related fines, interest or penalties, which are payable on or in respect of this document or on any document referred to in this document will be paid as provided for in the Scheme Implementation Agreement. For the avoidance of doubt, the Scheme Participants do not have to pay any stamp duty, related fines, interest or penalties which are payable on or in respect of this document or any document referred to in this document.

## 10.7 Governing law and jurisdiction

- (a) This document is governed by and is to be construed in accordance with the laws applicable in Western Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

## 10.8 Construction

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (c) 'includes' means includes without limitation;
- (d) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it;
- (e) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (f) a reference to:
  - (i) a holder includes a joint holder;
  - (ii) a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority;
  - (iii) a person includes the person's legal personal representatives, successors, assigns and persons substituted by novation;
  - (iv) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
  - (v) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
  - (vi) a right includes a benefit, remedy, discretion or power;
  - (vii) time is to local time in Perth and Sydney, Australia;
  - (viii) '\$' or 'dollars' is a reference to Australian currency;
  - (ix) this or any other document includes the document as novated, varied or replaced and despite any change in the identity of the parties;

- (x) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions;
  - (xi) this document includes all schedules and annexures to it; and
  - (xii) a clause, party, schedule, exhibit or annexure is a reference to a clause, party, schedule, exhibit or annexure, as the case may be, of this document;
- (g) if the date on or by which any act must be done under this document is not a Business Day, the act must be done on or by the next Business Day; and
- (h) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded.

## **10.9 Headings**

Headings do not affect the interpretation of this document.

# Annexure C – Deed Poll

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Sargon Capital Pty Ltd

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# Deed Poll

## Contents

<b>1</b>	<b>Definitions and interpretation</b>	<b>1</b>
<b>2</b>	<b>Nature of this deed poll</b>	<b>2</b>
<b>3</b>	<b>Conditions precedent and termination</b>	<b>2</b>
3.1	Conditions precedent	2
3.2	Termination	2
3.3	Consequences of termination	2
<b>4</b>	<b>Certificate in relation to conditions</b>	<b>2</b>
<b>5</b>	<b>Scheme Consideration</b>	<b>3</b>
5.1	Performance of obligations generally	3
5.2	Provision of Scheme Consideration	3
5.3	Payment of Scheme Consideration	3
<b>6</b>	<b>Representations and warranties</b>	<b>3</b>
<b>7</b>	<b>Continuing obligations</b>	<b>4</b>
<b>8</b>	<b>Stamp duty</b>	<b>4</b>
<b>9</b>	<b>Notices</b>	<b>4</b>
9.1	General	4
9.2	How to give a Notice	4
9.3	Particulars for delivery of notices	5
9.4	Communications by post	5
9.5	Communications by email	5
9.6	After hours communications	5
9.7	Process service	5
<b>10</b>	<b>General</b>	<b>5</b>
10.1	Waiver	5
10.2	Cumulative rights	6
10.3	Amendment	6
10.4	Assignment	6
10.5	Severability	6
10.6	Further assurances	6
10.7	Governing law and jurisdiction	6
	<b>Execution</b>	<b>7</b>
	<b>Annexure A - Scheme of Arrangement</b>	<b>8</b>

**Date 25 October 2018**

**By**

**Sargon Capital Pty Ltd** ACN 608 799 873 of Level 9, 287 Collins Street, Melbourne VIC 3000 (**Sargon**)

in favour of each Scheme Participant.

---

## Background

- A Sargon and Decimal Software Limited (**Decimal**) have entered into the Scheme Implementation Agreement to propose the Scheme.
- B In the Scheme Implementation Agreement, Sargon has agreed amongst other things and subject to the satisfaction of certain conditions, to pay the Scheme Consideration to Decimal on behalf of Scheme Participants.
- C Sargon is entering into this document for the purpose of covenanting in favour of Scheme Participants to perform its obligations under the Scheme.

## Declarations

### 1 Definitions and interpretation

- (a) In this document, unless the context requires otherwise, all words and phrases have the same meaning as given to them in the proposed scheme of arrangement under section 411 of the Corporations Act between Decimal and the Scheme Participants (being substantially in the same form as Annexure A or as otherwise agreed by Decimal and Sargon), subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Decimal and Sargon (**Scheme**).
- (b) **Clauses 10.8 and 10.9** of the Scheme applies to the interpretation of this document except that references to “this Scheme” in that clause are to be read as references to “this deed poll”.

## 2 Nature of this deed poll

Sargon acknowledges that:

- (a) this document may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints Decimal and any of Decimal's directors as its agent and attorney, *inter alia*, to enforce this document against Sargon.

## 3 Conditions precedent and termination

### 3.1 Conditions precedent

The obligations of Sargon pursuant to this document are subject to the Scheme becoming Effective.

### 3.2 Termination

If:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme does not become Effective on or before the End Date, then Sargon's obligations under this document will automatically terminate, unless Sargon and Decimal otherwise agree in writing.

### 3.3 Consequences of termination

If this document is terminated under **clause 3.2** then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Sargon is released from its obligations to further perform this document, except those obligations contained in **clause 7** except those obligations which by their nature survive termination; and
- (b) each Scheme Participant retains any rights, power or remedies it has against Sargon in respect of any breach of this document by Sargon which occurred before termination of this document.

## 4 Certificate in relation to conditions

Sargon must provide to the Court on the Second Court Date a certificate which is authorised by the board of Sargon and signed by at least one director of Sargon (or such other evidence as the Court may request) stating, to the best of its knowledge, whether or not the conditions precedent set out in clauses 3.1(a), 3.1(b) and 3.1(c) of the Scheme have been satisfied or waived, subject

to the terms of the Scheme Implementation Agreement as at 8.00 am on the Second Court Date.

## 5 Scheme Consideration

### 5.1 Performance of obligations generally

Subject to **clause 3.1**, Sargon must comply with its obligations under the Scheme Implementation Agreement and must do all things necessary or desirable on its part to implement the Scheme, including executing the Scheme Transfer as contemplated by clause 4.2 of the Scheme to effect the transfer of the Scheme Shares from the Scheme Participants to Sargon and delivering that executed Scheme Transfer to Decimal for registration.

### 5.2 Provision of Scheme Consideration

Subject to **clause 3.1**, Sargon undertakes in favour of each Scheme Participant to pay or procure the payment of the Scheme Consideration to the trust account held by Decimal on behalf of each Scheme Participant subject to and in accordance with the terms of the Scheme.

### 5.3 Payment of Scheme Consideration

Sargon's obligation to provide the Scheme Consideration to Decimal on behalf of the Scheme Participants will be satisfied by Sargon, no later than 2 Business Days before the Implementation Date, depositing in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account held by Decimal on behalf of each Scheme Participant (except that the amount of any interest on the amount deposited, less bank fees and other charges, will be to Sargon's account).

## 6 Representations and warranties

Sargon represents and warrants that:

- (a) it is a company validly existing under the laws of Victoria, Australia;
- (b) it has the corporate power to enter into and perform its obligations under this document and to carry out the transactions contemplated by this document;
- (c) it has taken all necessary corporate action to authorise the entry into this document and has taken or will take all necessary corporate action to authorise the performance of this document and to carry out the transactions contemplated by this document;
- (d) this document is its valid and binding obligation enforceable in accordance with its terms; and
- (e) this document does not conflict with, or result in the breach of or default under, any provision of the constitution of Sargon, or any writ, order or

injunction, judgement, law, rule or regulation to which it is a party or subject or by which it is bound.

## 7 Continuing obligations

This document is irrevocable and, subject to **clause 3**, remains in full force and effect until:

- (a) Sargon has completely performed its obligations under this document; or
  - (b) this document is terminated in accordance with **clause 3**,
- whichever comes first.

## 8 Stamp duty

- (a) Sargon as between the parties is liable for, must pay, and indemnify the Scheme Participants for, all stamp duty, duty, or like duties or imposts (**Duty**) (including any fine, interest or penalty) payable or assessed on or in connection with:
  - (i) this document;
  - (ii) any document executed under or required by or contemplated by this document; and
  - (iii) any transaction evidenced, effected or contemplated by a document referred to in **clause 8(a)(i)** or **clause 8(a)(ii)**.
- (b) If a party other than Sargon pays any Duty referred to in **clause 8(a)** (including any fine, interest or penalty), in whole or in part, Sargon must reimburse the paying party without set-off or deduction immediately on demand.

## 9 Notices

### 9.1 General

Any notice, transfer, transmission, application, direction, demand, consent or other communication (**Notice**) given or made to Sargon under this document must be in writing in English and signed by the sender or a person duly authorised by the sender.

### 9.2 How to give a Notice

A Notice must be given to Sargon by being:

- (a) personally delivered;
- (b) left at Sargon's current delivery address for notices;
- (c) sent to Sargon's current postal address for notices by pre-paid ordinary mail or, if the address is outside Australia, by pre-paid airmail; or

- (d) sent by fax to Sargon's current fax number for notices.

### **9.3 Particulars for delivery of notices**

The particulars for delivery of Notices to Sargon are:

Attention:	Phil Kingston
Delivery address:	Level 9 287 Collins Street MELBOURNE VIC 3000
Postal address:	Same as delivery address
Email:	phil@trimantium.com

### **9.4 Communications by post**

Subject to **clause 9.6**, a Notice is given if posted:

- (a) within Australia to an Australian postal address, three Business Days after posting; or
- (b) outside of Australia to an Australian postal address or within Australia to an address outside of Australia, ten Business Days after posting.

### **9.5 Communications by email**

Subject to **clause 9.6**, a Notice is given if sent by email to the email address nominated in **clause 9.3**, when the email (including any attachment) comes to the attention of the addressee or a person acting on its behalf.

### **9.6 After hours communications**

If a Notice is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

### **9.7 Process service**

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this document may be served by any method contemplated by this **clause 9** or in accordance with any applicable law.

## **10 General**

### **10.1 Waiver**

Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this document by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of

that or any other rights, power or remedy provided by law or under this document. A waiver is not valid or binding on the person granting that waiver unless made in writing.

## **10.2 Cumulative rights**

The rights, powers and remedies of Sargon and of each Scheme Participant under this document are cumulative and do not exclude any other rights, powers or remedies provided by law or equity independently of this document.

## **10.3 Amendment**

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

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

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

## **10.4 Assignment**

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

## **10.5 Severability**

If the whole or any part of a provision of this document is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this document has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This **clause 10.5** has no effect if the severance alters the basic nature of this document or is contrary to public policy.

## **10.6 Further assurances**

Sargon will execute and deliver all documents and do all acts and things (on its own behalf and on behalf of each Scheme Participant) necessary or desirable to give full effect to this document and the transactions contemplated by it.

## **10.7 Governing law and jurisdiction**

- (a) This document is governed by and is to be construed in accordance with the laws applicable in Western Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any courts which have jurisdiction to hear appeals from any of those courts, and waives any right to object to any proceedings being brought in those courts.

# Execution

**Executed** as a deed poll in Victoria.

**Executed by Sargon Capital Pty Ltd** )  
)

[SIGNED]

.....  
Company Secretary/Director

PHILLIP KINGSTON

.....  
Name of Company Secretary/Director  
(print)

[SIGNED]

.....  
Director

ARON D'SOUZA

.....  
Name of Director (print)

# Annexure A

## Scheme of Arrangement

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Decimal Software Limited

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The holders of ordinary shares in Decimal Software Limited as at the Record Date

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# Scheme of arrangement

Pursuant to section 411 of the Corporations Act

## Contents

<b>1</b>	<b>Definitions</b>	<b>1</b>
<b>2</b>	<b>Preliminary</b>	<b>3</b>
2.1	Decimal	3
2.2	Sargon	4
2.3	Summary of the Scheme	4
2.4	Scheme Implementation Agreement	4
2.5	Deed Poll	4
<b>3</b>	<b>Conditions</b>	<b>4</b>
3.1	Conditions of Scheme	4
3.2	Effect of conditions	5
3.3	Certificate	5
3.4	Termination of Scheme Implementation Agreement	5
3.5	Effective Date	5
3.6	End Date	6
<b>4</b>	<b>Scheme</b>	<b>6</b>
4.1	Lodgement of Court order	6
4.2	Transfer of Scheme Shares held by Scheme Participants	6
4.3	Transfer documentation	6
4.4	Provision of Scheme Consideration	6
4.5	Beneficial entitlement by Sargon	7
4.6	Transfer free of encumbrances	7
<b>5</b>	<b>Scheme Consideration</b>	<b>7</b>
5.1	Entitlement to Scheme Consideration	7
5.2	Payment of Scheme Consideration	7
5.3	Joint holders	8
5.4	Unclaimed monies	8
5.5	Orders of a court	8
<b>6</b>	<b>Scheme Participants</b>	<b>9</b>
6.1	Appointment of Sargon as sole proxy	9
6.2	Appointment of Decimal as sole attorney and agent	9
6.3	Scheme Participant's consent	9
6.4	Warranties by Scheme Participants	10
<b>7</b>	<b>Dealings in Decimal Shares</b>	<b>10</b>
7.1	Determination of Scheme Participants	10
7.2	Maintenance of Decimal Register	10
<b>8</b>	<b>Quotation of Decimal Shares</b>	<b>11</b>
<b>9</b>	<b>Notices</b>	<b>11</b>
9.1	General	11
9.2	Communications by post	11

9.3	Communications by fax	11
9.4	After hours communications	12
<b>10</b>	<b>General</b>	<b>12</b>
<hr/>		
10.1	Decimal and Scheme Participants bound	12
10.2	Further assurances	12
10.3	Alterations and conditions	12
10.4	No liability when acting in good faith	12
10.5	GST	12
10.6	Costs	12
10.7	Governing law and jurisdiction	13
10.8	Construction	13
10.9	Headings	14

## Date

# Parties

**Decimal Software Limited** ACN 009 235 956 (**Decimal**)

**The holders of ordinary shares in Decimal as at the Record Date**

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## Agreed terms

### 1 Definitions

In this document these terms have the following meanings:

<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.
<b>ASX Listing Rules</b>	The official listing rules of ASX.
<b>Business Day</b>	A day that is each of the following: <ul style="list-style-type: none"><li>(a) a Business Day within the meaning given by the ASX Listing Rules; and</li><li>(b) a day that banks are open for business in Perth, Western Australia or Melbourne, Victoria.</li></ul>
<b>CHESS</b>	The Clearing House Electronic Subregister System, which facilitates electronic security transfer in Australia, operated by ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>Court</b>	The Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by Decimal and Sargon.
<b>Decimal Option</b>	An option to subscribe for Decimal Shares issued by Decimal.
<b>Decimal Register</b>	The register of members of Decimal maintained by or on behalf of Decimal in accordance with section 168(1) of the Corporations Act and <b>Decimal Registry</b> has a corresponding meaning.

<b>Decimal Share</b>	A fully paid ordinary share in the capital of Decimal.
<b>Decimal Shareholder</b>	Each person who is registered in the Decimal Register as the holder of Decimal Shares.
<b>Deed Poll</b>	The deed poll dated [ <i>insert date</i> ] executed by Sargon in substantially the same form of Annexure B of the Scheme Implementation Agreement, under which Sargon covenants in favour of each Scheme Participant to perform its obligations under this Scheme and the Scheme Implementation Agreement in relation to the implementation of this Scheme.
<b>Effective</b>	The coming into effect, pursuant to section 411(10) of the Corporations Act, of the Scheme Order, but not before an office copy of the Scheme Order is lodged with ASIC.
<b>Effective Date</b>	The date on which the Scheme becomes Effective.
<b>End Date</b>	31 December 2018 or such later date as Sargon and Decimal agree in writing.
<b>GST</b>	The meaning given to that term in the <i>A New Tax System (Goods &amp; Services Tax) Act 1999</i> (Cth).
<b>Immediately Available Funds</b>	Electronic funds transfer or other form of cleared funds acceptable to Decimal.
<b>Implementation Date</b>	The fifth Business Day following the Record Date, or such other date as ordered by the Court or agreed between Sargon and Decimal.
<b>Record Date</b>	5.00 pm on the second Business Day following the Effective Date or such other date and time as Decimal and Sargon agree.
<b>Registered Address</b>	In relation to a Decimal Shareholder, the address shown in the Decimal Register as at the Record Date.
<b>Sargon</b>	Sargon Capital Pty Ltd ACN 608 799 873.
<b>Scheme</b>	This scheme of arrangement, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Decimal and Sargon.
<b>Scheme Consideration</b>	The consideration to be provided by Sargon in consideration for the transfer of the Scheme Shares held by a Scheme Participant to Sargon, being, in respect of each Scheme Share, \$0.0141 cash (subject to the terms of this Scheme).
<b>Scheme Implementation Agreement</b>	The scheme implementation agreement between Sargon and Decimal dated 20 September 2018.

<b>Scheme Meeting</b>	The meeting ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme.
<b>Scheme Order</b>	The order of the Court made for the purposes of section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in respect of the Scheme.
<b>Scheme Participant</b>	Each holder of Scheme Shares as at the Record Date.
<b>Scheme Shares</b>	All the Decimal Shares on issue on the Record Date.
<b>Scheme Transfer</b>	For each Scheme Participant, a proper instrument of transfer of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.
<b>Second Court Date</b>	The first day on which an application made to the Court for the Scheme Order is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.
<b>Second Court Hearing</b>	The hearing of the application made to the Court for the Scheme Order.
<b>Trust Account</b>	The trust account operated by or on behalf of Decimal to hold the Scheme Consideration on trust for the Scheme Participants for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with <b>clause 5.2</b> of this Scheme, as nominated by Decimal at least 5 Business Days prior to the Implementation Date.

## 2 Preliminary

### 2.1 Decimal

- (a) Decimal is a public company incorporated in Australia and registered in New South Wales, having its registered office at Level 12, 680 George Street, Sydney NSW 2000.
- (b) Decimal is:
  - (i) a public company limited by shares under section 112(1) of the Corporations Act; and
  - (ii) admitted to the official list of ASX and fully paid Decimal Shares are quoted on the official list of ASX.

## 2.2 Sargon

- (a) Sargon is a proprietary company incorporated in Australia and registered in Victoria, having its registered office at Level 9, 287-293 Collins Street, Melbourne VIC 3000.
- (b) Sargon is a proprietary company limited by shares under section 112(1) of the Corporations Act.

## 2.3 Summary of the Scheme

If the Scheme becomes Effective, then:

- (a) in consideration of the transfer of the Scheme Shares to Sargon, Decimal will procure Sargon to provide the Scheme Consideration to each Scheme Participant in respect of each Scheme Share held by the Scheme Participant in accordance with the terms of the Scheme;
- (b) subject to Sargon's compliance with its obligations in **clause 2.3(a)** and the Deed Poll, all of the Scheme Shares will be transferred to Sargon on the Implementation Date; and
- (c) Decimal will enter the name and address of Sargon in the Decimal Register as the holder of the Scheme Shares transferred to Sargon in accordance with the terms of the Scheme.

## 2.4 Scheme Implementation Agreement

Sargon and Decimal have entered into the Scheme Implementation Agreement to record the terms on which Sargon and Decimal have agreed to implement the Scheme.

## 2.5 Deed Poll

Sargon has executed the Deed Poll in favour of the Scheme Participants pursuant to which it has covenanted to perform (or procure the performance of) its obligations under the Scheme, including to provide to each Scheme Participant the Scheme Consideration to which such Scheme Participant is entitled under the Scheme and to carry out its other obligations under the Scheme Implementation Agreement and do all things necessary or expedient on its part to implement the Scheme.

# 3 Conditions

## 3.1 Conditions of Scheme

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

- (a) all of the conditions precedent set out in schedule 1 of the Scheme Implementation Agreement having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement (other than the condition precedent in item 11 of schedule 1 of that agreement), as at 8.00 am on the Second Court Date;

- (b) as at 8.00 am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms;
- (c) the Scheme having been approved at the Scheme Meeting, with or without modification, by the requisite majority of Decimal Shareholders in accordance with section 411(4)(a) of the Corporations Act or, if the Scheme is not agreed to by the requisite majority of Decimal Shareholders, the Court orders otherwise in accordance with section 411(4)(a) of the Corporations Act;
- (d) the Court having approved the Scheme pursuant to section 411(4)(b) of the Corporations Act, without modification or with modifications which are acceptable to both Decimal and Sargon;
- (e) such other conditions made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Sargon and Decimal being satisfied.

### **3.2 Effect of conditions**

The satisfaction of the conditions in **clause 3.1** is a condition precedent to the operation of the provisions of **clauses 4, 5, 6 and 8**.

### **3.3 Certificate**

- (a) Decimal must provide, and must procure Sargon to provide, to the Court on the Second Court Date a certificate authorised by its respective board and signed by at least one of its respective directors (or such other evidence as the Court may request) stating (to the best of its knowledge) whether or not all the conditions precedent in **clauses 3.1(a), 3.1(b) and 3.1(c)** have been satisfied or waived (subject to the terms of the Scheme Implementation Agreement) as at 8.00 am on the Second Court Date.
- (b) The giving of a certificate by each of Decimal and Sargon in accordance with this **clause 3.3** will, in the absence of manifest error, be conclusive evidence of the matters referred to in the certificate.

### **3.4 Termination of Scheme Implementation Agreement**

Without limiting rights under the Scheme Implementation Agreement, if the Scheme Implementation Agreement is terminated in accordance with its terms before 8.00 am on the Second Court Date, Decimal and Sargon are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme,

provided that Decimal and Sargon retain the rights they have against each other in respect of any prior breach of the Scheme Implementation Agreement in accordance with the terms of that agreement.

### **3.5 Effective Date**

Subject to **clause 3.6**, this Scheme takes effect on the Effective Date.

### **3.6 End Date**

The Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date has not occurred on or before the End Date; or
- (b) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms,

unless Decimal and Sargon otherwise agree in writing.

## **4 Scheme**

### **4.1 Lodgement of Court order**

Decimal must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Scheme Order as soon as reasonably practicable and in any event no later than 5.00pm on the first Business Day after the day on which the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act or such later time as Decimal and Sargon agree in writing.

### **4.2 Transfer of Scheme Shares held by Scheme Participants**

On the Implementation Date, in consideration of and subject to provision by Sargon of the Scheme Consideration in accordance with **clause 5.1**, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at that date, will be transferred to Sargon without the need for any further acts by any Scheme Participant (other than acts performed by Decimal as attorney and agent for Scheme Participants under **clause 6**) by:

- (a) Decimal delivering to Sargon on the Implementation Date a duly completed Scheme Transfer executed by Decimal as attorney for the Scheme Participants for execution by Sargon; and
- (b) Sargon duly executing and delivering the Scheme Transfer to Decimal on the Implementation Date.

### **4.3 Transfer documentation**

Immediately following receipt by Decimal of the duly executed Scheme Transfer, Decimal must register Sargon in the Decimal Register as the holder of all of the Scheme Shares transferred to Sargon in accordance with the terms of this Scheme.

### **4.4 Provision of Scheme Consideration**

- (a) Decimal must procure Sargon to provide, or procure the provision of, the Scheme Consideration to each Scheme Participant on, or as soon as practicable after, the Implementation Date in accordance with, and subject to the terms of, this Scheme and the Deed Poll.
- (b) Decimal undertakes in favour of each Scheme Participant to enforce the Deed Poll against Sargon on behalf of and as agent for the Scheme Participants.

#### **4.5 Beneficial entitlement by Sargon**

From the time of the provision of the Scheme Consideration to the Scheme Participants in accordance with **clause 5.1** on the Implementation Date, Sargon will be beneficially entitled to the Scheme Shares (together with all rights and entitlements attached to the Scheme Shares) to be transferred to it under the Scheme pending registration of Sargon in the Decimal Register as the holder of those Scheme Shares.

#### **4.6 Transfer free of encumbrances**

To the extent permitted by law, all Decimal Shares (including any rights and entitlements attaching to those shares) which are transferred to Sargon under this Scheme will, at the date of transfer of them to Sargon, vest in Sargon free from all mortgages, pledges, charges, liens, encumbrances and security interests and other interests of third parties of any kind (whether legal or otherwise), and free from any restrictions on transfer of any kind not referred to in this Scheme.

### **5 Scheme Consideration**

#### **5.1 Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to Sargon of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with this Scheme subject to the terms of the Deed Poll.

#### **5.2 Payment of Scheme Consideration**

- (a) On the Implementation Date Decimal must pay or procure the payment of the Scheme Consideration to each Scheme Participant.
- (b) Sargon must, and Decimal must use its best endeavours to procure that Sargon does, no later than 2 Business Days before the Implementation Date, deposit (or procure the deposit) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited, less bank fees and other charges, will be to Sargon's account).
- (c) On the Implementation Date, subject to receipt of the Scheme Consideration from Sargon in accordance with **clause 5.2(b)** of this Scheme, Decimal must pay or procure the payment to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to Sargon on the Implementation Date by that Scheme Participant, whereby the amounts referred to in this **clause 5.2(c)** must be paid by:
  - (i) where a Scheme Participant before the Record Date has made an election in accordance with the requirements of the Decimal Registry to receive dividend payments from Decimal by electronic

funds transfer to a bank account nominated by the Scheme Participant, paying by direct credit to the nominated bank account; or

- (ii) a Scheme Participant has not made an election referred to in **clause 5.2(c)(i)**, sending a cheque drawn on an Australian bank in Australian currency to each Scheme Participant by pre-paid ordinary post (or if the address of the Scheme Participant in the Decimal Register is outside Australia, by pre-paid airmail post) to their address recorded in the Decimal Register as at the Record Date (or in the case of joint holders, in accordance with the procedures set out in **clause 5.3**).

### 5.3 Joint holders

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

### 5.4 Unclaimed monies

- (a) Decimal may cancel a cheque issued under **clause 5.1** of this Scheme if the cheque:
  - (i) is returned to Decimal; or
  - (ii) has not been presented for payment within six months after the date on which the cheque is sent.
- (b) During the period of one year commencing on the Implementation Date, on a written request from a Scheme Participant, Decimal must re-issue a cheque that was previously cancelled under this **clause 5.4**. Any interest of other benefit accruing from unclaimed Scheme Consideration will be to the benefit of Sargon.
- (c) The *Unclaimed Money Act 1990 (WA)* will apply in relation to any Scheme Consideration that becomes “unclaimed money” (as defined in the *Unclaimed Money Act 1990 (WA)*).

### 5.5 Orders of a court

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

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant which would otherwise be payable to that Scheme Participant in accordance with **clause 5.2** of this Scheme, then Decimal shall procure that payment is made in accordance with that order; or
- (b) which would prevent Decimal from dispatching payment to any particular Scheme Participant in accordance with **clause 5.2** of this Scheme, then Decimal will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the

Scheme Consideration until such time as payment in accordance with **clause 5.2** of this Scheme is permitted by law.

## 6 Scheme Participants

### 6.1 Appointment of Sargon as sole proxy

Subject to the payment of the Scheme Consideration for the Scheme Shares in accordance with this Scheme, on and from the Implementation Date until Decimal registers Sargon as the holder of all the Scheme Shares in the Decimal Register, each Scheme Participant:

- (a) is deemed to have irrevocably appointed Sargon as its attorney and agent (and directed Sargon in such capacity) to appoint such officer or agent nominated by Sargon to be its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings of Decimal, exercise the votes attaching to Scheme Shares registered in its name and sign any shareholders' resolution, whether in person, by proxy or by corporate representative, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this **clause 6.1(a)**);
- (b) must take all other actions in the capacity of the registered holder of Scheme Shares as Sargon directs; and
- (c) acknowledges and agrees that in exercising the powers referred to in this clause, Sargon may act in the best interests of Sargon as the intended registered holder of the Scheme Shares.

### 6.2 Appointment of Decimal as sole attorney and agent

Each Scheme Participant, without the need for any further act, irrevocably appoints Decimal and each of the directors and officers of Decimal, jointly and severally, as the Scheme Participant's attorney and agent for the purpose of executing any document necessary or expedient to give effect to the Scheme (including executing a Scheme Transfer and any instrument appointing Sargon as sole proxy for or, where applicable, corporate representative of each Scheme Participant as contemplated by **clause 6.1**) or doing any other act necessary or desirable to give full effect to the Scheme and the transactions contemplated by it.

### 6.3 Scheme Participant's consent

Each Scheme Participant:

- (a) consents to Decimal doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme and Decimal, as agent of each Scheme Participant, may sub-delegate its functions under this **clause 6.3** to any of its directors and officers, severally; and

- (b) agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares to Sargon, in accordance with the Scheme.

#### **6.4 Warranties by Scheme Participants**

Each Scheme Participant is deemed to have warranted to Decimal, in its own right and for the benefit of Sargon, that:

- (a) all of the Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to Sargon under the Scheme will be transferred to Sargon free from all mortgages, pledges, charges, liens, encumbrances and security interests and other interests of third parties of any kind, whether legal or otherwise; and
- (b) they have full power and capacity to sell and transfer their Scheme Shares to Sargon (including any rights and entitlements attaching to those shares).

## **7 Dealings in Decimal Shares**

### **7.1 Determination of Scheme Participants**

- (a) For the purpose of establishing the persons who are the Scheme Participants, dealings in Scheme Shares will only be recognised if:
  - (i) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Decimal Register as the holder of the relevant Scheme Shares at the Record Date; and
  - (ii) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Record Date at the place where the Decimal Register is kept.
- (b) Decimal must register registrable transmission applications or transfers of the kind referred to in **clause 7.1(a)(ii)** by the Record Date.
- (c) Decimal will not accept for registration or recognise for any purpose any transmission applications or transfers in respect of Scheme Shares received after the Record Date, other than a transfer to Sargon in accordance with the Scheme and any subsequent transfer by Sargon, or its successors in title.
- (d) If the Scheme becomes Effective, a holder of Decimal Shares (and any person claiming through that holder) must not dispose of or purport to agree to dispose of any Decimal Shares or any interest in them after the Effective Date and any such disposal will be void and of no legal effect whatsoever.

### **7.2 Maintenance of Decimal Register**

- (a) For the purpose of determining entitlements to the Scheme Consideration, Decimal will, until the Scheme Consideration has been

provided, maintain the Decimal Register in accordance with the provisions of this **clause 7** and the Decimal Register in this form will solely determine entitlements to the Scheme Consideration.

- (b) All certificates and holding statements for Scheme Shares (other than holding statements in favour of Sargon and its successors in title after the Implementation Date) will cease to have any effect from the Record Date as documents of title in respect of those Scheme Shares. Subject to provision of the Scheme Consideration by Sargon and registration of the transfer to Sargon of the Scheme Shares contemplated by **clause 4.2**, after the Record Date, each entry current at that date on the Decimal Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

## 8 Quotation of Decimal Shares

- (a) Decimal will apply to ASX to suspend trading on ASX in Decimal Shares with effect from the close of trading on ASX on the Effective Date.
- (b) After the Scheme has been fully implemented, Decimal will apply:
  - (i) for termination of the official quotation of Decimal Shares on ASX; and
  - (ii) to have itself removed from the official list of ASX.

## 9 Notices

### 9.1 General

Any notice, transfer, transmission, application, direction, demand, consent or other communication (**Notice**) given or made under this document must be in writing in English and signed by the sender or a person duly authorised by the sender.

### 9.2 Communications by post

Subject to **clause 9.4**, where a Notice referred to in this document is sent by post to Decimal, it will not be deemed to have been received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Decimal's registered office or at the Decimal Registry.

### 9.3 Communications by fax

Subject to **clause 9.4**, a Notice is given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

#### **9.4 After hours communications**

If a Notice is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

## **10 General**

### **10.1 Decimal and Scheme Participants bound**

The Scheme binds Decimal and all Scheme Participants (including Scheme Participants who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme) and will, for all purposes, to the extent of any inconsistencies and permitted by law, have effect notwithstanding any provision in the constitution of Decimal.

### **10.2 Further assurances**

Subject to **clause 10.3**, Decimal will execute all documents and do all acts and things (on its own behalf and on behalf of each Decimal Shareholder) necessary or expedient for the implementation of, and performance of its obligations under, the Scheme.

### **10.3 Alterations and conditions**

Decimal may, with the consent of Sargon, by its counsel consent on behalf of all Scheme Participants to any modifications or conditions which the Court thinks fit to impose, provided that in no circumstances will Decimal be obliged to do so.

### **10.4 No liability when acting in good faith**

Neither Decimal nor Sargon nor any of their respective directors, officers, employees or advisors (as applicable) will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

### **10.5 GST**

Decimal must pay to the Scheme Participants an amount equal to any GST for which the Scheme Participants are liable on any supply by the Scheme Participants under or in connection with the Scheme, without deduction or set off of any other amount.

### **10.6 Costs**

Any costs, and any stamp duty and any related fines, interest or penalties, which are payable on or in respect of this document or on any document referred to in this document will be paid as provided for in the Scheme Implementation Agreement. For the avoidance of doubt, the Scheme

Participants do not have to pay any stamp duty, related fines, interest or penalties which are payable on or in respect of this document or any document referred to in this document.

## **10.7 Governing law and jurisdiction**

- (a) This document is governed by and is to be construed in accordance with the laws applicable in Western Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

## **10.8 Construction**

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (c) 'includes' means includes without limitation;
- (d) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it;
- (e) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (f) a reference to:
  - (i) a holder includes a joint holder;
  - (ii) a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority;
  - (iii) a person includes the person's legal personal representatives, successors, assigns and persons substituted by novation;
  - (iv) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
  - (v) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
  - (vi) a right includes a benefit, remedy, discretion or power;
  - (vii) time is to local time in Perth and Sydney, Australia;
  - (viii) '\$' or 'dollars' is a reference to Australian currency;

- (ix) this or any other document includes the document as novated, varied or replaced and despite any change in the identity of the parties;
  - (x) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions;
  - (xi) this document includes all schedules and annexures to it; and
  - (xii) a clause, party, schedule, exhibit or annexure is a reference to a clause, party, schedule, exhibit or annexure, as the case may be, of this document;
- (g) if the date on or by which any act must be done under this document is not a Business Day, the act must be done on or by the next Business Day; and
- (h) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded.

## **10.9 Headings**

Headings do not affect the interpretation of this document.

# Annexure D – Notice of Scheme Meeting

Decimal Software Limited ACN 009 235 956

## Notice of meeting

Notice is hereby given that, by an order of the Federal Court of Australia pursuant to section 411(1) of the *Corporations Act 2001* (Cth), a meeting of ordinary shareholders of Decimal Software Limited will be held at the Boardroom of Fogarty Partners, 65 Hay Street, Subiaco, Western Australia 6008 on 6 December 2018 at 10.00 am (Perth time).

## Business of meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a Scheme of Arrangement (with or without modification) to be made between Decimal and Decimal's Shareholders.

## Resolution

The Scheme Meeting will be asked to consider, and, if thought fit, to pass the following resolution:

“That pursuant to and in accordance with section 411 of the Corporations Act, the Scheme of Arrangement (the terms of which are described in the Scheme Booklet of which the notice convening this meeting forms part) is agreed to (with or without modification as approved by the Federal Court of Australia).”

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By order of the board of Decimal Software Limited



Company Secretary

Dated 31 October 2018

# Explanatory notes

## Material accompanying this notice

This notice of meeting and the Scheme Resolution should be read in conjunction with the booklet of which this notice forms part (**Scheme Booklet**). Terms used in this notice, unless otherwise defined, have the same meaning as set out in the glossary in Section 10 of this Scheme Booklet.

A copy of the Scheme of Arrangement is contained in Annexure B to this Scheme Booklet.

A Proxy Form also accompanies this notice.

## Voting

Your vote is important. For the Scheme to proceed, it is necessary that the requisite majority of Decimal Shareholders vote in favour of the Scheme.

**The Decimal Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal. They each intend to vote all Decimal Shares held or controlled by them in favour of the Scheme Resolution, in the absence of a Superior Proposal.**

## Majorities required

In accordance with section 411(4)(a) of the Corporations Act, for the Scheme of Arrangement to be Effective, the Scheme Resolution must be passed by:

- unless the Court orders otherwise, a majority (more than 50%) in number of holders of ordinary shares present and voting (either in person or by proxy); and
- at least 75% of the votes cast on the resolution.

## Quorum

A quorum for a meeting of Decimal Shareholders is 2 or more members present at the meeting who are entitled to vote on a resolution at the meeting as at 4.00 pm (Perth time) on 4 December 2018 (in person, by proxy or representative).

## Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme of Arrangement must be approved by the order of the Court. If the Scheme Resolution set out in this notice is agreed to by the required majorities set out above and the Conditions Precedent set out in the Scheme of Arrangement are satisfied or waived, Decimal will apply to the Court for the necessary orders to give effect to the Scheme of Arrangement.

## Determination of entitlement to attend and vote

The Court has ordered that, for the purposes of the Scheme Meeting, Decimal Shares will be taken to be held by the persons who are registered as members at 4.00 pm (Perth time) on 4 December 2018. Accordingly, registrable transmission applications to transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

## How to vote

If you are a Decimal Shareholder entitled to attend and vote at the Scheme Meeting, you may vote by:

- attending the Scheme Meeting in person;

- appointing an attorney to vote on your behalf;
- appointing a proxy to attend on your behalf; or
- in the case of a corporation which is a Decimal Shareholder, by appointing an authorised corporate representative to attend on its behalf.

## **Voting at the Scheme Meeting will occur by poll**

All persons attending the Scheme Meeting are asked to arrive at least 30 minutes prior to the time the Scheme Meeting is to commence, so that either their shareholding may be checked against the Register, their power of attorney or appointment as corporate representative can be verified (as the case may be), and their attendance noted.

## **Jointly held securities**

If the Decimal Shares are jointly held, each of the joint shareholders is entitled to vote. However, if more than one shareholder votes in respect of jointly held Decimal Shares, only the vote of the shareholder whose name appears first on the Register will be counted.

## **Voting in person**

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held at the Boardroom of Fogarty Partners, 65 Hay Street, Subiaco, Western Australia 6008 on 6 December 2018. The Scheme Meeting will commence at 10.00 am (Perth time).

A Decimal Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card on disclosure at the point of entry to the meeting of their name and address.

## **Voting by proxy**

A Decimal Shareholder entitled to attend and vote at the meeting is also entitled to appoint a proxy to vote on their behalf. The Proxy Form is enclosed with this Scheme Booklet. If you are entitled to cast two or more votes at the meeting, you may appoint not more than two proxies to attend and act for you at the Scheme Meeting. A proxy need not be a Decimal Shareholder. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half of your votes.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Scheme Meeting.

A proxy will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their name and address.

The sending of a Proxy Form will not preclude a Decimal Shareholder from attending in person and voting at the Scheme Meeting if the Decimal Shareholder is entitled to attend and vote.

Please refer to the enclosed Proxy Form for instructions on completion and lodgement. Please note that Proxy Forms must be received by the Decimal Registry by no later than 10.00 am (Perth time) on 4 December 2018.

## **Voting by attorney**

Powers of attorney must be received by the Decimal Registry, at the registered office of the Decimal Registry, by no later than 10.00 am (Perth time) on 4 December 2018 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the Scheme Meeting).

An attorney will be admitted to the Scheme Meeting and given a voting card on providing, at the point of entry of the Scheme Meeting, written evidence of their appointment, their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a Decimal Shareholder from attending in person and voting at the Scheme Meeting if the Decimal Shareholder is entitled to attend and vote.

### **Voting by corporate representative**

To vote at the Scheme Meeting (other than by proxy or attorney), a corporation that is a Decimal Shareholder must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act.

An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card on providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

### **Lodgement of proxies and queries**

Proxy Forms should be lodged:

<b>Online</b>	<a href="http://www.investorvote.com.au">www.investorvote.com.au</a>
<b>By hand</b>	Decimal Software Limited, 1/174 Hampden Road, Nedlands, Western Australia 6009, Australia
<b>By post</b>	Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
<b>By fax</b>	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
<b>By mobile</b>	Scan the QR Code on your proxy form and follow the prompts
<b>Custodian voting</b>	For Intermediary Online subscribers only (custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions

If you experience any difficulties with lodging a Proxy Form, power of attorney or authority, please contact the Decimal Registry, Computershare Investor Services Pty Limited, on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

# Corporate Directory

## **Directors**

Mark Potts (Non-Executive Chairman)  
Gary Cox (Non-Executive Director)  
Pauline Vamos (Non-Executive Director)  
Jan Kolbusz (Non-Executive Director)

## **Company Secretary**

David Gardner

## **Registered Address**

1/174 Hampden Road  
Nedlands WA 6009

## **Postal Address**

1/174 Hampden Road  
Nedlands WA 6009

## **Share Registry**

Computershare Investors Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000

Tel (within Australia): 1300 850 505  
Tel (outside Australia): +61 3 9415 4000  
Fax (within Australia): 1800 783 447  
Fax (outside Australia): +61 3 9473 2555