



14 July 2015

Company Announcements Manager  
Australian Securities Exchange  
4<sup>th</sup> Floor, 20 Bridge Street,  
SYDNEY NSW 2000

*"Transmitted Electronically"*

Dear Sirs,

**RE: Proposed Return of Capital, Notice of Meeting and Proxy Form**

Please find attached documents in relation to Proposed Return of Capital, Notice of Meeting and Proxy form being mailed out today to shareholders.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Alan Winduss".

**Alan Winduss**  
**Company Secretary**

**Member of Securities Registrars Association of Australia Inc.**

Advanced Share Registry Limited ABN 14 127 175 946

110 Stirling Highway, Nedlands Western Australia 6009. PO Box 1156, Nedlands Western Australia 6909

Telephone: (08) 9389 8033, Facsimile: (08) 9262 3723

Level 6, 225 Clarence Street, Sydney NSW 2000. PO Box Q1736, Queen Victoria Building, NSW 1230 Telephone: (02) 8096 3502

Website: [www.advancedshare.com.au](http://www.advancedshare.com.au) Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)





14 July 2015

**GENERAL MEETING- NOTICE OF MEETING AND PROXY FORM – CAPITAL REDUCTION**

**Enclosed** is a notice of meeting and proxy form for the General Meeting of Advanced Share Registry Limited (**ASW or the Company**) to be held at 10:00am (WST) on 13 August 2015 to consider a proposed return of capital to ASW shareholders (**Capital Reduction**).

Under the Capital Reduction, ASW proposes to reduce its share capital by returning to each of its shareholders the amount of 2.44 cents per ordinary share they hold at 5:00pm (WST) on 19 August 2015. This represents a total return of approximately \$1,043,015,<sup>1</sup> with these funds to be sourced from ASW's existing surplus cash reserves. The number of shares on issue in ASW will not change as a result of the Capital Reduction.

Shareholder approval is required for the Capital Reduction and this approval is being sought at the General Meeting to be held on 13 August 2015.

The directors have decided to take this action to benefit shareholders as, due to a solid trading performance since beginning operation, the company has:

- Preserved and increased cash balance since listing of the company;
- Not required the cash for operational purposes and allowed a high dividend payout to be met from operational cash flows; and
- Allowed major asset acquisitions, including the purchase of the Sydney Office and all printing and mailing equipment, to be financed from internal cash flows.

It is the director's belief that the Company's share price is not influenced by cash or asset balances, and the Company is retaining a sufficient cash balance for any future requirements.

The Company has submitted an application to the Australian Taxation Office for a class ruling for its determination on whether any of the payment pursuant to the Capital Reduction will (in whole or in part) be treated as a dividend for Australian income tax purposes. The Company will announce the outcome of this application to the ASX. It is not expected that the outcome of the application will be known prior to the proposed date of the General Meeting.

The General Meeting will be held at 10am (WST) on 13 August 2015 at:

Advanced Share Registry Offices  
110 Stirling Hwy  
Nedlands  
Western Australia 6009

<sup>1</sup> Calculated on the basis that the Company has 42,746,500 shares on issue and the amount to be referred to shareholders is 2.44 cents per share.

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## Key Dates

Subject to shareholder approval being obtained, the proposed Capital Reduction is expected to take effect in accordance with the following timetable:

Company announces the Capital Reduction and dispatches Notice of Meeting	14 July 2015
Cut off dates for lodging Proxy Form	10:00am (WST) 11 August 2015
Snapshot date for eligibility to vote at the General Meeting	4:00pm (WST) 11 August 2015
General Meeting to approve the Capital Reduction	10:00am (WST) 13 August 2015
The Company advises the ASX that Shareholders have approved the Capital Reduction	13 August 2015
Trading in the Shares on an "ex return of capital" basis	17 August 2015
Record Date for determining entitlement to participate in Capital Reduction	5:00pm (WST) 19 August 2015
Distribution of payments to Shareholders under the Capital Reduction	20 August 2015

*All dates and times are indicative only. ASW reserves the right to vary these dates and times. ASW will make an announcement to ASX of any changes if they occur. WST refers to the time observed in Perth, Western Australia. All dates and times refer to time observed in Perth, Western Australia.*

Yours sincerely

A handwritten signature in blue ink, appearing to read "Alan Winduss".

**Alan Winduss**  
**Company Secretary**

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# ADVANCED SHARE REGISTRY LIMITED

ABN 14 127 175 946

## NOTICE OF GENERAL MEETING

INCLUDING

## EXPLANATORY STATEMENT

and

## PROXY FORM

<b>Date of Meeting:</b>	<b>Thursday, 13 August 2015</b>
<b>Time of Meeting:</b>	<b>10.00 am WST</b>
<b>Place of Meeting:</b>	<b>Advanced Share Registry Limited 110 Stirling Highway Nedlands WA 6009</b>

Your Annual Report is available online at [www.advancedshare.com.au](http://www.advancedshare.com.au)

### IMPORTANT NOTICE

THE RESOLUTIONS PROPOSED FOR THIS MEETING ARE OF FUNDAMENTAL IMPORTANCE TO THE FUTURE OF YOUR COMPANY. IT IS RECOMMENDED THAT SHAREHOLDERS READ THIS INFORMATION MEMORANDUM IN FULL, AND IF THERE IS ANY MATTER THAT YOU DO NOT UNDERSTAND, YOU SHOULD CONTACT YOUR FINANCIAL ADVISER, STOCKBROKER OR SOLICITOR FOR ADVICE.

## TIME AND PLACE OF MEETING AND HOW TO VOTE

### VENUE

The General Meeting of the Shareholders of Advanced Share Registry Limited will be held at:

**Advanced Share Registry Limited**  
**110 Stirling Highway**  
**Nedlands, WA, 6009**

**Commencing 10.00 am (WST)**  
**on Thursday, 13 August 2015**

### HOW TO VOTE

You may vote by attending the Meeting in person, by proxy or authorised representative.

### VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above. The Meeting will commence at 10.00am (WST).

### VOTING BY PROXY

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

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

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

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

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

Further details on these sections are set out below.

### ***Proxy vote if appointment specifies way to vote***

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

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

***Transfer of non-chair proxy to chair in certain circumstances***

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

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

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

Your Proxy Form is enclosed.

**VOTING EXCLUSION**

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**SNAPSHOT DATE**

In accordance with regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Directors have set a snapshot date to determine the identity of those Shareholders who are entitled to attend and vote at the Meeting. The snapshot date is 5:00pm (WST) on Tuesday, 11 August 2015.

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Shareholders of Advanced Share Registry Limited will be held at Advanced Share Registry Limited, 110 Stirling Highway, Nedlands, Western Australia, 6009 on Thursday, 13 August 2015 at 10.00 am (WST).

### BUSINESS

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00pm (WST) on Tuesday, 11 August 2015.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

### AGENDA

#### SPECIAL BUSINESS

#### 1. RESOLUTION 1 – APPROVAL OF CAPITAL REDUCTION

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

“That, for the purposes of Part 2J.1 of the Corporations Act and for all other purposes, approval is given for the Company to reduce its issued capital by approximately \$1,043,015 by way of an equal capital reduction, which is to be effected by the Company making a payment to all holders of Shares registered at 5:00pm (WST) on Wednesday 19 August 2015 (Record Date), of 2.44 cents for each Share held by them on the Record Date, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

By order of the Board

A C Winduss  
Company Secretary  
Dated: 14 July 2015

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting.

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

### RESOLUTION 1 – APPROVAL OF CAPITAL REDUCTION

#### 1. BACKGROUND AND OVERVIEW OF THE CAPITAL REDUCTION

Shareholders are being asked to consider and pass a Resolution authorising the Company to reduce its share capital by returning to each Shareholder an amount equal to 2.44 cents per Share held by them at 5:00pm (WST) on Wednesday, 19 August 2015, representing a total return to shareholders of approximately \$1,043,015.<sup>1</sup>

The money that will be used to make the payments to relevant Shareholders in respect of the Capital Reduction will be sourced from the Company's existing cash reserves.

Shareholders are entitled to participate in the return of capital if they are registered as holders of Shares at 5:00pm (WST) on 19 August 2015. The terms of the reduction are the same for each Shareholder.

For the purposes of the Corporations Act, the proposed return of capital is an "equal" reduction of capital which requires the approval of shareholders by ordinary resolution in general meeting. Accordingly, for the proposed return of capital to proceed, a majority of votes must be cast in favour of Resolution 1.

#### 2. REQUIREMENTS FOR THE CAPITAL REDUCTION

The proposed reduction of capital is an equal capital reduction as:

- (a) it relates only to Shares;
- (b) it applies to Shareholders in proportion to the number of Shares they hold; and
- (c) the terms of the reduction will be the same for each Shareholder.

Under Section 256C of the Corporations Act, the proposed reduction of capital must be approved by an ordinary resolution passed at a general meeting of the Company.

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

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

The Directors believe that:

- (a) the Capital Reduction is fair and reasonable to Shareholders as a whole for the reasons set out throughout this Explanatory Statement; and
- (b) the Capital Reduction will not prejudice the Company's ability to pay its creditors.

Resolution 1 requires the approval of Shareholders in accordance with Section 256C of the Corporations Act. The Notice of Meeting notifies Shareholders of the Meeting at which approval of Resolution 1 is being sought.

#### 3. RATIONALE FOR THE CAPITAL REDUCTION

The primary purpose for the Capital Reduction is to distribute the Company's surplus capital to Shareholders.

The Board has considered the alternatives available to the Company regarding the application of its cash reserves. The Board is of the opinion that a return of capital to Shareholders on the terms set out in this Notice is the optimal use of the cash reserves for Shareholders for the following reasons:

- (a) the amount proposed to be returned to Shareholders is in excess of the Company's needs;
- (b) the Board is not aware of any current strategic investment opportunities, nor is the Board aware of or expects any to arise in the near term, which are consistent with the Company's business objectives or business plan;
- (c) the cash reserves of the Company following the proposed return of capital will continue to be at a level to meet all reasonably foreseeable costs; and
- (d) the Board believes that a high amount of Shareholders' capital per Share may result in a "return on equity" ratio which is lower than it would otherwise be, and may produce distorted impressions as to underlying profitability and financial performance of the Company.

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<sup>1</sup> Calculated on the basis that as at the date of this Notice the Company has 42,746,500 Shares on issue.



The Capital Reduction, if implemented, will return funds to Shareholders at a rate of 2.44 cents per Share.

The Board considers that the Capital Reduction is fair and reasonable to Shareholders as it will apply to all Shareholders equally.

#### 4. ADVANTAGES AND DISADVANTAGES OF THE CAPITAL REDUCTION

The principal advantages and disadvantages to Shareholders of the Capital Reduction are as follows:

##### 4.1 Advantages

The Board considers the following to be advantages of the proposed Capital Reduction to Shareholders:

- (a) **Effective capital management strategy:** the Board believes that the Capital Reduction represents an effective capital management strategy which is in the interests of Shareholders, as outlined above at paragraph 3(d); and
- (b) **No brokerage:** no brokerage is payable by Shareholders in connection with the Capital Reduction.

##### 4.2 Disadvantages

The Board considers the following to be disadvantages of the proposed Capital Reduction to Shareholders:

- (a) **Cash reserves:** the Capital Reduction will diminish the Company's cash reserves; and
- (b) **Transaction costs:** the Company will incur transaction costs in connection with it undertaking the Capital Reduction.

#### 5. INDICATIVE TIMETABLE

Subject to the ASX Listing Rules and Corporations Act requirements, the Company anticipates completion of the Capital Reduction in accordance with the following timetable (which is subject to change by the Company):

Company announces the Capital Reduction and dispatches Notice of Meeting	Tuesday, 14 July 2015
Cut off dates for lodging Proxy Form	10:00 am (WST) Tuesday, 11 August 2015
Snapshot date for eligibility to vote at the General Meeting	5:00 pm (WST) Tuesday, 11 August 2015
General Meeting to approve the Capital Reduction	10:00 am (WST) Thursday, 13 August 2015
The Company advises the ASX that Shareholders have approved the Capital Reduction	Thursday, 13 August 2015
Trading in the Shares on an "ex return of capital" basis	Monday, 17 August 2015
Record Date for determining entitlement to participate in Capital Reduction	5:00 pm (WST) Wednesday, 19 August 2015
Distribution of payments to Shareholders under the Capital Reduction	Thursday, 20 August 2015
<p><i>*All dates and times are indicative only. The Company reserves the right to vary these dates and times. The Company will make an announcement to ASX of any changes if they occur.</i></p> <p><i>All dates and times refer to time observed in Perth, Western Australia.</i></p>	

#### 6. TRADING IN SHARES

Shares will trade on an "ex return of capital" basis on the second business day after the Company notifies ASX that Shareholders have approved the Capital Reduction.

#### 7. OTHER INFORMATION FOR SHAREHOLDERS

##### 7.1 Record Date

The Record Date is Wednesday, 19 August 2015.

##### 7.2 Eligibility

All Shareholders who are:

- (a) registered as such as at 5:00pm (WST) on the Record Date; or
- (b) entitled to be registered as a Shareholder in the Company by virtue of a transfer of Shares executed before 5:00pm (WST) on the Record Date and lodged with the Company at that time,

will be entitled to participate in the Capital Reduction.

##### 7.3 Amount of entitlement

Each Shareholder who is entitled to participate in the Capital Reduction will receive 2.44 cents per Share as a cash payment for each Share they hold.

7.4

**Payment details**

If Resolution 1 is approved by Shareholders, payments will be made on or about Thursday, 20 August 2015. Australian Shareholders who have not already done so can nominate an account for the payments to be made by direct credit by completing and returning the enclosed Direct Credit Form to Advanced Share Registry. Payment will be made by way of direct credit into a nominated account for Australian Shareholders, or by cheque if banking details of a Shareholder have not been provided to the Company prior to the Meeting.

Non Australian resident Shareholders will receive payment by way of cheque.

8.

**EFFECT OF PROPOSED CAPITAL REDUCTION ON THE COMPANY**

***Pro-Forma Statement of Financial Position***

Set out in Schedule 1 is a consolidated statement of financial position of the Company as at 31 December 2014, together with the pro-forma consolidated statement of financial position following completion of the Capital Reduction.

The pro-forma consolidated statement of financial position is provided as a guide only and does not contain all the disclosures that are usually provided in accounts included in an annual report prepared in accordance with the Corporations Act and does not represent the future financial position or prospects of the Company.

***What is the effect on the Company's financial position?***

The Board believes that the Company has cash reserves which are sufficient to fully fund the return of capital and to retain sufficient cash reserves for the purposes of the Company.

The Company does not believe that it will fully utilise its existing surplus cash reserves in the short to medium term and believes it is better to return the surplus to Shareholders.

The return of capital will marginally reduce the profitability of the Company due to forgone interest income.

***What is the effect on the Company's contributed equity***

On completion of the Capital Reduction, the Company expects the contributed equity of the Company will be reduced by approximately \$1,043,015<sup>2</sup>.

***What is the effect on the Company's capital structure?***

The return of capital will have no effect on the total number of Shares on issue as no Shares will be cancelled under the Capital Reduction.

Shares may trade at a lower price following the Capital Reduction than they would have done had the Capital Reduction not been implemented. This is likely to occur from the ex date, being the date that Shares trade without an entitlement to participate in the Capital Reduction.

***What is the impact on the dividend strategy of the Company?***

The Company currently pays dividends out of profit earned each half year with the strategy to maintain payment of at least 90% net profit of the tax as a dividend. The Capital Reduction will have no impact on the Company's dividend strategy as the lost interest income will have marginal impact as the Company net profit after tax.

***What is the impact on the Company's growth strategies?***

It is the opinion of the Board that because of the current financial position of the Company, the Board's intentions in relation to potential investment opportunities which are currently available and which the Board can reasonably foresee, and the capacity of the Company to raise additional finance if required, the Capital Reduction will not materially impact the Company's ability to fund its business operations.

The Board believes the Capital Reduction will leave the Company with the capacity to grow its business whilst also taking into account the interests of stakeholders.

***What are the tax implications for the Company?***

No adverse tax consequences are expected to arise for the Company as a result of the return of capital.

9.

**EFFECT OF THE PROPOSED EQUAL CAPITAL REDUCTION ON THE COMPANY'S CREDITORS**

The Capital Reduction involves a reduction in the Company's paid up share capital (contributed equity). The Board considers that the Capital Reduction does not materially prejudice the Company's ability to pay its creditors, as the Company has sufficient cash flows generated from its current business which, together with existing cash reserves, are sufficient to pay its creditors.

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<sup>2</sup> Calculated on the basis that as at the date of this Notice the Company has 42,746,500 Shares on issue.

## 10. EFFECT OF THE CAPITAL REDUCTION ON THE COMPANY'S SHAREHOLDERS

Subject to Shareholders approving Resolution 1, the Company will undertake a distribution of capital to Shareholders. Shareholders will be entitled to receive 2.44 cents for every Share held on the Record Date.

The Capital Reduction will have no effect on the number of Shares held by Shareholders or on their proportionate interest in the share capital of the Company.

The Company has no partly paid shares on issue and no convertible securities on issue. Accordingly, the Capital Reduction will have no effect on the amount unpaid on any of the Company's securities or the treatment of any convertible securities.

In the event that Shareholder approval of Resolution 1 is not obtained, the proposed distribution of capital to Shareholders will not occur.

The proposed timetable for the transaction is set out in Section 5 of this Explanatory Statement.

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

If the Capital Reduction is implemented, eligible Shareholders (being Shareholders whose address in the Company share register as shown at 5:00 pm (WST) on the Record Date) will receive 2.44 cents for each Share held.

### ***What is the impact on your shareholding in the Company?***

The number of Shares in the Company that you hold will not change as a result of the Capital Reduction.

If the Capital Reduction is implemented, the value of your Shares may fall after it is implemented.

### ***Do you have to do anything to receive the payment?***

If the Capital Reduction proceeds, you will automatically receive the funds you are entitled to receive, even if you vote against the capital reduction or do not vote at all.

Australian resident Shareholders may elect to receive payment by direct credit. To do so, you must ensure the Company has received your direct credit instructions as set out in Section 7.4 of this Explanatory Statement. If the Company does not have your direct credit instructions prior to the General Meeting, you will be paid the amount to which you are entitled pursuant to the Capital Reduction by cheque.

Non Australian resident Shareholders will receive the payment they are entitled to by cheque.

### ***What are the taxation implications of the Capital Reduction?***

A general guide to the taxation implications for Australian Shareholders of the Capital Reduction is set out in Section 12 of this Notice.

## 11. INFORMATION CONCERNING THE COMPANY'S SHARES

The rights attaching to Shares in the Company will not alter as a result of the Capital Reduction.

The highest and lowest recorded sale prices of Shares traded on ASX during the 12 months immediately preceding the date of this Notice and the respective dates of those sales were:

Date	Highest Price	Date	Lowest Price
4 June 2015	\$0.71	23 October 2014	\$0.595

Latest available closing price of Shares on ASX prior to the date of this Notice was \$0.66 on 13 July 2015.

## 12. TAXATION

### 12.1 Introduction

The following comments are based on the application of Australian taxation laws in force at the date of this Explanatory Statement.

The views expressed in this summary are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the individual circumstances of Shareholders. It should be emphasised that these comments are general in nature, may not be applicable to your individual circumstances, and cannot be relied upon for accuracy or completeness.

**You should therefore seek and rely on your own taxation advice in relation to the taxation consequences of the Capital Reduction. Neither the Company nor any of its officers, or its advisers accepts liability or responsibility with respect to such consequences.**

**Shareholders that are not residents of Australia for taxation purposes should seek advice relevant to their own circumstances.**

### 12.2 Components of the Capital Reduction

The Company has sought a class ruling from the ATO in relation to the tax treatment of the Capital Reduction for certain shareholders (**Class Ruling**). Once the Class Ruling has been issued by the ATO, a shareholder may rely on that Class Ruling in preparing their income tax return. The Company will announce the outcome of the application for the Class Ruling to the ASX. It

is not expected that the outcome of the application for the Class Ruling will be known prior to the proposed date of the General Meeting.

The information below is a general outline of the Australian taxation consequences that will arise for Shareholders provided that the Class Ruling is issued in accordance with the Company's application. The Company anticipates that the ATO will make a determination under the Class Ruling as set out in the Company's application.

The Class Ruling will only apply to those shareholders who hold their Shares on capital account. The Class Ruling will not apply to those Shareholders who hold their shares as "revenue assets" or "trading stock".

The consideration for the Capital Reduction has been set at 2.44 cents per Share. The Company's application for the Class Ruling provides that it is expected that the full amount will be treated as a capital amount for tax purposes (**Capital Component**).

The ATO may make a determination which differs from the proposed treatment set out in the Company's application to the ATO for the Class Ruling. The ATO may decide to treat part of the return of capital as an unfranked dividend (**Dividend Component**) and reduce the amount treated as a capital amount, or to treat the whole amount as either an unfranked dividend or a capital amount. Where the whole amount is treated as a dividend, the tax treatment outlined for the Dividend Component below at Section 12.3 of this Explanatory Statement will apply to the whole amount paid to a Shareholder pursuant to the Capital Reduction. Where the whole amount is treated as a capital amount, the tax treatment outlined for the Capital Component below at section 12.4 of this Explanatory Statement will apply to the whole amount paid to a Shareholder pursuant to the Capital Reduction.

### 12.3 Expected tax treatment of Dividend Component

#### (a) Australian resident shareholders

For income tax purposes, the Dividend Component (if any) is included in the Shareholder's assessable income for the year in which the Capital Reduction is made. The Company anticipates that none of the amount paid will be treated as a dividend and accordingly no amount will be included in assessable income as an unfranked dividend. However, if the ATO determines part or all of the amount to be a dividend, then the amount determined will be included in assessable income and will be an unfranked dividend.

A dividend statement will be forwarded to shareholders at the appropriate time if there is a Dividend Component.

#### (b) Non-Australian resident shareholders

Non resident shareholders should seek independent advice to determine the tax implications in their country of residence.

### 12.4 Expected tax treatment of the Capital Component

The outline below does not take into account or anticipate changes in the law (by legislation or judicial decision). In addition, the outline is not exhaustive of all income tax, capital gains tax (**CGT**) and goods and services tax (**GST**) considerations which may apply in the circumstances of any given shareholder. Certain Shareholders, such as those engaged in a business of trading or investment, banks, insurance companies, tax exempt organisations, superannuation funds, or persons who are temporary residents for Australian Tax purposes will or may be subject to different tax consequences specific to their circumstance.

### 12.5 Income tax and CGT Issues

The taxation consequences associated with the Capital Reduction will depend upon whether the Shareholders hold the Shares on:

- (a) capital account; or
- (b) revenue account.

### 12.6 Shares held on capital account

The Capital Reduction will result in CGT event C2 being triggered at the time the contract is entered into (s104-25(2)(a) *Income Tax Assessment Act 1997 (ITAA)*).

Shareholders will derive a capital gain where the capital proceeds exceed their cost base. Any capital gain is to be included in the shareholder's assessable income for the income year in which the Capital Reduction is made.

A capital loss will not arise as a result of the Capital Reduction.

Shareholders who are eligible individuals or compiling superannuation funds may be entitled to reduce any net capital gain on their shares by the CGT discount if they have held their shares for at least 12 months. The discount is 50% for eligible individuals and 33.33% for complying superannuation funds. A company is not entitled to the CGT discount.

### 12.7 Shares held on revenue account

#### (a) Shares held as revenue assets

Shareholders who acquired their Shares with the dominant purpose of reselling them at a profit are likely to be considered to hold their Shares on revenue account for tax purposes.

Where this is the case, any gain or loss realised on disposal of the Shares will be assessed as ordinary income or claimed as a revenue deduction.

(b) **Shares held as trading stock**

Shareholders, who are engaged in the business of share trading, whereby they regularly acquire shares and hold them with a view to making short-term profits through sale or exchange in the ordinary course of carrying on a business, would hold the Shares as trading stock.

In these circumstances the shareholder will be assessed under Division 70 of the ITAA.

**12.8 GST considerations**

Shareholders who receive a payment pursuant to the Capital Reduction and who are registered, or required to be registered for GST will also need to consider whether there is a GST impact to them.

A supply of shares is an input taxed (exempt) supply for GST purposes. Consequently, the disposal of Shares by Shareholders to the Company will not give rise to any GST liability.

However, any GST on costs associated with the sale or acquisition of Shares may become a cost to the shareholder. This is because GST incurred on costs that relate to the making of input tax supplies is not generally recoverable as input tax credits. Any impact will be dependent upon the level of costs associated with the sale and the individual shareholder's own GST status.

It is recommended that each Shareholder seek independent advice as to the GST consequences for them.

**12.9 Non-Australian resident shareholder**

For non-resident Shareholders, any capital gain or loss is disregarded for Australian tax purposes on the basis that the Shares are not "taxable Australian property". There may be tax implications in their country of residence. It is recommended that they seek professional advice as to the taxation consequences of the Capital Reduction in their specific circumstances.

**12.10 Stamp duty**

There are no duties payable under the Duties Act 2008 (WA) as a result of the transaction represented by the reduction of capital.

**13. DIRECTORS' INTERESTS AND RECOMMENDATIONS**

Set out below is a table which indicates the securities in which the Directors have an interest prior to the capital reduction and the amount they are likely to receive if Resolution 1 is passed and implemented:

Director	Company Shares	Nature of interest	Amount likely to be received if the Resolution is passed and implemented
Kim Chong	23,891,044	Indirect	\$582,941.47
Simon Cato	520,000	Direct & Indirect	\$12,688.00
Alan Winduss	220,000	Direct & Indirect	\$5,368.00
Alvin Tan	525,500	Indirect	\$12,822.20

After considering all relevant factors, the Directors recommend that Shareholders vote in favour of Resolution 1 for the following reasons:

- (a) after a full and proper assessment of all available information they believe that the proposed transaction is in the best interests of the Company's Shareholders; and
- (b) in the opinion of the Directors, the benefits of the proposed transaction outweigh its disadvantages.

Each Director who is entitled to vote intends to vote the Shares held by him in favour of Resolution 1.

**14. OTHER MATTERS**

**14.1 Lodgement with ASIC**

The Company has lodged with the ASIC a copy of this Notice in accordance with Section 256C(5) of the Corporations Act. If Resolution 1 is passed the reduction of capital is required to take effect in accordance with the timetable set out in Appendix 7A of the ASX Listing Rules.

**14.2 Disclosure to ASX**

The Company, as a company whose Shares are quoted on the stock market of ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to the Company may be obtained for a fee from, or inspected at, an office of ASIC.

**14.3 Other material information**

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

## GLOSSARY OF DEFINED TERMS

**\$** means Australian dollars.

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

**ASX** means ASX Limited.

**ASX Listing Rules** means the listing rules of ASX.

**ATO** means the Australian Taxation Office.

**Board** means the current board of directors of the Company.

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

**Capital Reduction** means the proposed return of capital in accordance with Resolution 1 of this Notice of Meeting.

**Company** means Advanced Share Registry Ltd (ACN).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

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

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

**Proxy Form** means the proxy form accompanying the Notice.

**Record Date** means 5:00pm (WST) on Wednesday, 19 August 2015.

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

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

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

**WST** means western standard time as observed in Perth, Western Australia.

**SCHEDULE 1- PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 31.12.2014</b>	<b>Capital Reduction</b>	<b>31.12.2014 Restated Post Capital Reduction</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4,848,339	(1,048,015)	3,800,324
Trade and other receivables	1,022,662		1,022,662
Other current assets	55,625		55,625
Other financial assets	741		741
<b>Total Current Assets</b>	<b>5,927,367</b>		<b>4,879,352</b>
<b>Non-current Assets</b>			
Property, plant and equipment	1,203,375		1,203,375
Intangible assets	1,654,296		1,654,296
Deferred tax asset	121,532		121,532
<b>Total Non-current Assets</b>	<b>2,979,203</b>		<b>2,979,203</b>
<b>TOTAL ASSETS</b>	<b>8,906,570</b>		<b>7,858,555</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	378,774		378,774
Current tax liabilities	258,096		258,096
Provisions	166,864		166,864
<b>Total Current liabilities</b>	<b>803,734</b>		<b>803,734</b>
<b>Non-current liabilities</b>			
Provisions	76,216		76,216
Deferred tax liabilities	6,633		6,633
<b>Total Non-current liabilities</b>	<b>82,849</b>		<b>82,849</b>
<b>TOTAL LIABILITIES</b>	<b>886,583</b>		<b>886,583</b>
<b>NET ASSETS</b>	<b>8,019,987</b>		<b>6,971,972</b>
<b>EQUITY</b>			
Issued Capital	7,061,009	(1,048,015)	6,012,994
Retained earnings	958,978		958,978
<b>TOTAL EQUITY</b>	<b>8,019,987</b>		<b>6,971,972</b>

Notes:

- 1 The Capital Reduction is based on the assumption that the Group has 42,746,500 Shares on issue, and on basis that the amount per returned to Shareholders is 2.44 cents per Share.
- 2 Costs associated with the Capital Reduction of approximately \$5,000.

**ADVANCED SHARE REGISTRY LIMITED****ABN 14 127 175 946**

PO Box 1156, Nedlands, Western Australia 6909

110 Stirling Hwy, Nedlands, Western Australia 6009

Phone: +61 8 9389 8033 | Website: [www.advancedshare.com.au](http://www.advancedshare.com.au)Fax: +61 8 9262 3723 | Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)**PROXY FORM****APPOINTMENT OF PROXY****GENERAL MEETING**

I/We

of

being a member of Advanced Share Registry Limited entitled to attend and vote at the General Meeting hereby

Appoint

Name of proxy

OR☐

the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 10.00am (WST), on Thursday, 13 August 2015 at Advanced Share Registry Limited, 110 Stirling Highway, Nedlands, Western Australia, 6009 and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions.****Voting on Business of the General Meeting**

	FOR	AGAINST	ABSTAIN
Resolution 1 – Approval of Capital Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for the Resolution, you are directing your proxy not to vote on the Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

**Signature of Member****Date:** \_\_\_\_\_**Individual or Member 1****Member 2****Member 3**

Sole Director/Company Secretary

Director

Director/Company Secretary

**Contact Name:** \_\_\_\_\_**Contact Ph (daytime):** \_\_\_\_\_



**ADVANCED SHARE REGISTRY LIMITED**  
**ABN 14 127 175 946**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to PO Box 1156, Nedlands, 6909, WA or deliver to the Share Registry of the Company at 110 Stirling Highway, Nedlands WA 6009; or
  - (b) facsimile to the Company's Share Registry on facsimile number +61 8 9262 3723,so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy forms received later than this time will be invalid.**



**Note:** If signed under Power of Attorney, a Certified Copy of the relevant Power of Attorney document must be exhibited to the Registry. The Attorney declares that he/she has had no notice of revocation of the Power of Attorney.

For personal use only