



MEMO

To: Board of Directors
From: Company Secretary
Subject: **CHANGE TO HOLDING STATEMENTS – UNLISTED COMPANY**

I think it is quite possible that we can move to an uncertificated share register and issue Holding Statements in lieu of share certificates to recognise shareholding details as I can find nothing which says we cannot do it.

Our Constitution contemplates ASX listing and has no reference to issuing share certificates other than in Rule 4 – where it says “*whilst listed certificates will be issued if required*”. Nowhere does it say certificates must be issued if not listed.

I have another unlisted public company client whose constitution more clearly states:

“(a) Unless the Act requires the Company to issue a certificate for particular securities, the Company will not issue share certificates.

(b) The Board may at any time determine the Company will issue share certificates. If the Board decides share certificates will be issued, then the Company is not entitled to charge any fee for issuing certificates.”

And one other unlisted public company client has a constitution which does not even mention ASX/listing but simply says “*directors may issue share certificates if they chose to*” – thereby effectively allowing Holding Statements.

The Corporations Act does not say much these days either. The relevant section (1071H) says (in relation to securities – ie, shares) a company must issue “all appropriate certificates or other title documents in connection with the security” (within 2 months of an allotment or within 1 month of receiving a transfer) – obviously catering for uncertificated companies (listed or otherwise). There is nothing in the Act like “a company must issue a share certificate unless it is listed”.

So, in summary, the issue of actual share certificates to evidence a holding, even for an unlisted company, appears to be no longer necessary. However, as with the boards of some other companies, my suggestion is that whilst it might be resolved to move to an uncertificated register, should any shareholder specifically ask for a certificate we should readily oblige.

I recommend a move to issuing Holding Statements and, in contemplation, I have drafted a sample letter and Holding Statement for your consideration – see below.

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.



SOFTWARE COMPANY LIMITED

ACN X0X 0X0 X0X

31 May 2007

Dear Shareholder,

I am writing to inform you that the Company has moved to an 'uncertificated' share register (on the same basis as stock exchange listed companies) as this is the method of shareholding acknowledgement more appropriate to today's electronic age.

However, I must emphasise that there is no present intention of seeking quotation of the Company's shares on any stock exchange.

So, enclosed you will find your Issuer Sponsored Holding Statement.

The Holding Statement provides confirmation of your current share holding and replaces the Share Certificate previously sent to you. Please note your confidential Securityholder Reference Number (SRN) which will be required in all correspondence and dealings in relation to your shareholding.

Kindly check all details relative to your holding, including the account designation, and contact the Company Secretary should your records differ to what is on the enclosed.

Please note that Queensland stamp duty on off-market share transfers has been abolished from 1 January 2007, so please send any future share transfers directly to this office for processing, marked for the attention of the Company Secretary.

We look forward to your continued support as a shareholder in the Company.

Yours sincerely,

Bill Lyne
Company Secretary
Mobile: 0418 874 175

REGISTERED OFFICE

100 Brisbane Street
(PO Box XXX)
Spring Hill Qld 4004
Australia

Telephone: (07) 3834 XXXX Facsimile: (07) 3834 0000



SOFTWARE COMPANY LIMITED

ACN X0X 0X0 X0X

Registered in Queensland under the Corporations Act

ISSUER SPONSORED HOLDING STATEMENT

ORDINARY SHARES

Name

<Account Designation>

Address 1

Address 2

Address 3

Securityholder Reference No.

Date of statement:

Tax File Number: ~~Quoted~~/Not quoted

Register: Queensland

Date	<i>Transaction Type</i>	<i>Reference Number</i>	<i>Registry Reference</i>	<i>Quantity On</i>	<i>Quantity Off</i>	<i>Holding Balance</i>
			Opening Balance			
			Closing Balance			

Note: The closing balance shown includes all transfers registered as at the close of business on the statement date. Shareholders should not rely on the balance shown in the statement as being a complete record of their current shareholding and the company will not be liable for any financial loss incurred by a shareholder who relies on the balance shown without making their own adjustments for any transfers relating to transactions which have yet to be registered. Shareholders should notify the company of any discrepancies in this statement.

The Australian Taxation Office advises you to keep this statement as a permanent record. Disposal of securities by Australian residents may result in Capital Gains Tax. If you would like a copy of "Guide to Capital Gains Tax", published by the ATO, telephone 1300 720 092.

REGISTERED OFFICE

100 Brisbane Street
(PO Box XXX)
Spring Hill Qld 4004
Australia

Telephone: (07) 3834 XXXX Facsimile: (07) 3834 0000