



MEMO

To: Board of Directors
From: Company Secretary
Subject: **COMPANY TRANSFER**

You have asked for my comments in relation to transfer of all of the shares in a company which is owned by 2 of our Directors, and of which they are also 2 of the 3 directors, to us.

On the face of it I would say that is not going to be a problem, subject to the Board taking account of the following:

1. As we are a public Company, this will be seen as a 'related party transaction', although given that they have offered to sell the company for \$1, it is certainly not a 'material transaction' and I would not think they are getting any real 'benefit' from the transaction.
2. To the best of my knowledge this company has done nothing since it was incorporated in 2007 as a public company, other than convert to a proprietary company in 2009 (when it was realised the company was not needed); its shareholding structure and directors have remained unchanged. Also, it has no assets, other than its paid up capital.
3. Whilst I have not been appointed Company Secretary, I have handled the company's secretarial matters over time.
4. The company has been granted an ABN, but it has not used that for any purpose nor lodged a BAS return. It has also not lodged any tax return as it has not carried on business or traded.
5. I would suggest that, for the sake of proper due diligence, and for our records, we obtain an ASIC search to confirm the company's corporate existence and history and ensure there are no charges or other 'surprises' in store.
6. Additionally, I believe it would be appropriate in support of our due diligence to seek a written warranty from the 2 shareholders/directors in relation to the company, attesting to the above facts.
7. Lastly, to allay any doubts, I can vouch for the honesty and integrity of all 3 directors and I am very sure that their intentions are totally honourable in relation to this matter.



Proposed Steps

Subject to your agreement, I would suggest the following:

- A. Have the Board resolve to purchase the company from our 2 Directors, noting the relevant matters referred to above.
- B. Sign share transfer forms. There is no stamp duty payable on the share transfers nor, in my opinion, would there be any business transfer duty as the company has no business to transfer.
- C. Ask the third director to resign.
- D. Lodge the shareholding/directorship changes with ASIC, and alter the registered office/principal place of business with ASIC.
- E. Update the company's records and registers to reflect the corporate changes.

That should complete the transaction.

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.