



Australian Government

Takeovers Panel

MEDIA RELEASE

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Monday, 20 January 2014

Tranzact Financial Services Limited – Panel Receives Application

The Panel has received an application from London City Equities Limited in relation to the affairs of Tranzact Financial Services Limited. The applicant is a shareholder in Tranzact. Tranzact is currently the subject of an off-market (\$0.12 per share) cash takeover bid from Gro-Aust Holdings Limited.

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

Gro-Aust is majority owned by Grosvenor Financial Services Group Limited. On 16 October 2013, the applicant was informed of a proposed bid by Gro-Aust and ceased offering to acquire Tranzact shares on market at \$0.10 per share. Gro-Aust announced its bid on 6 November 2013 and on that date had voting power of 60.43% in Tranzact. On 3 December 2013, Gro-Aust declared its bid unconditional. On 16 December 2013, Tranzact lodged its target's statement, after receiving an extension of time from ASIC. On 3 January 2014, Gro-Aust extended its bid period to 23 January 2014. At 17 January 2014, Gro-Aust had voting power of 79.29% in Tranzact.

The applicant submits (among other things) that:

- Tranzact's delay in providing information to its shareholders and the circumstances surrounding the applicant becoming an 'insider' on 16 October 2013 are contrary to an efficient, competitive and informed market
- shareholders of Tranzact "*were rushed into accepting the offer and did not have a reasonable time to consider the proposal*"
- there are information deficiencies in the bidder's statement and the independent expert's report included in the target's statement and

- given Gro-Aust's pre-existing control of Tranzact and connections between other Tranzact shareholders and Gro-Aust, ASIC's joint bid policy should apply.

The applicant seeks an interim order that Gro-Aust extend its bid to Friday 15 February 2014 and final orders including to the effect that Tranzact appoint a new Independent Expert, Tranzact "*commissions a party to locate a competitive buyer*" and Gro-Aust offer withdrawal rights to accepting shareholders.

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