

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting: Tuesday 28 November 2017

Time of Meeting: 11:00 am (Brisbane time)

Place of Meeting: Emporium Hotel, 1000 Ann Street, Fortitude Valley, Brisbane QLD

Notice of Annual General Meeting

Collection House Limited

ABN 74 010 230 716

Notice is hereby given that the Annual General Meeting of the Shareholders of Collection House Limited (the **Company**) will be held at the Emporium Hotel, 1000 Ann Street, Fortitude Valley, Brisbane QLD on Tuesday 28 November 2017 at 11:00 am (Brisbane time).

Agenda

Ordinary Business

Financial Reports

To receive and consider the Company's 2017 Annual Report comprising:

- (a) the financial report;
- (b) the Directors' report; and
- (c) the auditor's report,

for the financial year ended 30 June 2017.

Resolution 1 – Remuneration Report – non binding advisory Resolution

1. To consider and, if thought fit, pass the following Resolution as an advisory Resolution:

"That, for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report for the year ended 30 June 2017 (as set out on pages 21 to 35 of the Directors' Report section of the Annual Report) is adopted."

This Resolution is advisory only and does not bind the Directors or the Company.

This Resolution is subject to voting exclusions as set out at the end of this Notice.

Resolution 2 – Election of Mr Michael Knox as Director

2. To consider and, if thought fit, pass the following Ordinary Resolution:

"That Mr Michael Knox, who retires in accordance with Article 16.4(b) of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director of the Company."

Resolution 3 - Re-election of Mr Kerry John Daly as Director

3. To consider and, if thought fit, pass the following Ordinary Resolution:

"That Mr Kerry John Daly, who retires by rotation in accordance with Article 17.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 4 - Resolution requisitioned by a member to remove Mr Philip Hennessy as Director (Non-Board Endorsed)

4. To consider and, if thought fit, pass the following Ordinary Resolution:

"That Philip Hennessy be removed as a director of the Company effective immediately."

This Resolution was proposed by a substantial shareholder, Ankla Pty Ltd ACN 074 315 432 (an entity

associated with Mr Lev Mizikovsky). The Resolution is not endorsed by the Board of Directors.

The Board recommends that shareholders vote **against** this resolution for the reasons set out on pages 5 to 6 of the Explanatory Memorandum accompanying this Notice of Meeting. The Chairman of the AGM intends to vote undirected proxies **against** this Resolution.

General Business

To deal with any other business that may be lawfully brought forward in accordance with the Company's Constitution and the Corporations Act.

Notes

Voting Entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the shareholding of each Shareholder for the purpose of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the Company's Share Register at 7:00 pm AEST on Friday 24 November 2017.

How to Vote

You may vote by attending the Annual General Meeting in person, by proxy or by authorised representative. If you intend to vote by proxy, in order to be valid, online proxies and proxy forms must be received no later than 11.00am (Brisbane time) on Sunday 26 November 2017.

(a) Voting in Person

To vote in person, attend the Annual General Meeting on the date and at the place set out above. Members who are a body corporate are able to appoint representatives to attend and vote at the Meeting under section 250D of the Corporations Act. If a representative of a company is appointed, a "Certificate of Appointment of Corporate Representative" should be produced prior to the Meeting. A form of the certificate may be obtained from the Company's Share Registry, Computershare Investor Services Pty Limited (**Computershare**), by contacting Computershare (details on the enclosed proxy form).

(b) Voting by Proxy

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to vote on their behalf. Where a member is entitled to cast two or more votes, they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a member of the Company.

The proxy form must be completed and, together with the power of attorney (if any) under which the proxy form is signed, lodged at the Company's Share Registry, Computershare, GPO Box 242, Melbourne, Victoria, 3001 Australia or faxed to 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia).

Instructions on how to sign the proxy are set out on Page 1 of the enclosed proxy form. Online proxies and proxy forms must be received no later than 11.00am (Brisbane time) on Sunday

26 November 2017 in accordance with the instructions contained in the proxy.

(c) Online Voting

To appoint a proxy online, visit www.investorvote.com.au quoting the 6 digit control number which can be found on the front of your personalised proxy form (online voting).

Intermediary Online Subscribers (**Custodians**) may lodge their proxy instruction online by visiting www.intermediaryonline.com.

Online voting is now mobile compatible so you can readily appoint a proxy straight from your smart phone*. To do this, enter www.investorvote.com.au directly into your smart phone and follow the instructions on your personalised proxy form. Alternatively, you can do this by scanning the QR Code on the front of your proxy form. To scan the QR code you will have needed to download and install a QR Code Scanner application for your smart phone.

* Optimised for Apple iOS and Android device.

Voting Exclusion Statement on Resolution 1

Voting exclusions apply to Resolution 1 pursuant to sections 250R(4) and 250BD of the Corporations Act.

A vote on Resolution 1 must not be cast, and the Company will disregard any votes cast:

- (a) in any capacity by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of such a member, regardless of the capacity in which the votes are cast; and
- (b) as a proxy by any member of the Key Management Personnel as at the time of the AGM, or by any Closely Related Party of such a member,

unless:

- (a) the vote is cast by a person as a proxy and not on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- (b) either:
 - (1) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
 - (2) the proxy is the chair of the meeting and the appointment of the chair as proxy:
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the chair to exercise the proxy even if the resolution is connected

directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Chairman's voting intentions

The Chairman of the AGM intends to vote all available proxies:

- in favour of Resolutions 1, 2 and 3 ; and
- against Resolution 4.

Explanatory Memorandum

Terms used in this Notice of Meeting are defined in the "Interpretation" section of the accompanying Explanatory Memorandum.

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Certain terms used in this notice are defined in that Explanatory Memorandum.

All Shareholders should read the Explanatory Memorandum carefully. Shareholders who are in doubt regarding any part of the business of the Meeting should consult their financial or legal advisor for assistance.

By Order of the Board
COLLECTION HOUSE LIMITED

Kristine May
Company Secretary
26 October 2017

Explanatory Memorandum

This Explanatory Memorandum is provided to Shareholders of the Company to explain the Resolutions to be approved by the Company's Shareholders at the Annual General Meeting which is to be held at the Emporium Hotel, 1000 Ann Street, Fortitude Valley, Brisbane QLD on Tuesday, 28 November 2017 at 11:00 am (Brisbane time).

The Directors recommend that Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Consideration of Company's 2017 Annual Report

Section 317 of the Corporations Act requires the financial report, the Directors' report and the auditor's report to be tabled at the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the financial report, the Directors' report or the auditor's report. The Company's 2017 Annual Report is placed before the Shareholders for discussion. No voting is required for this item. Shareholders can obtain a copy of the Company's 2017 Annual Report by downloading a copy from the Company's website: www.collectionhouse.com.au.

Resolution 1 – Remuneration Report

In accordance with section 250R of the Corporations Act, the Remuneration Report for the Company and its subsidiaries is submitted to the Meeting for adoption as a non-binding advisory resolution. The Remuneration Report is set out on pages 21 to 35 of the Directors' Report section of the Annual Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report outlines the Company's remuneration philosophy and practices, together with details of the specific remuneration arrangements that apply to Key Management Personnel being the Non-executive Directors and Executive Management Team (EMT) of the Company and the Group in accordance with the requirements of the Corporations Act.

Amongst other matters, the Remuneration Report details:

- the remuneration of Directors;
- the remuneration of the executives with the greatest authority for the strategic direction and management of the consolidated entity;
- any performance hurdles for the exercise of performance rights; and
- the reasons for the granting of any specific short and long-term incentives.

Note: For the purposes of calculating remuneration, salary and bonuses (including performance rights) are included.

Pursuant to section 250SA of the Corporations Act, the Chairman will allow a reasonable opportunity for the Shareholders to ask questions about, or make comments on, the Remuneration Report.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

Resolution 2 – Election of Mr Michael Knox as Director

Pursuant to Article 16.4(b) of the Company's Constitution, any Director who is appointed by the Board during the Reporting Period must retire, and is eligible for election, at the next annual general meeting of the Company.

Mr Knox was appointed as a Director of the Company by the Board effective 24 March 2017 in accordance with the Company's Constitution.

Accordingly, Resolution 2 seeks Shareholder approval for the election of Mr Knox, whose nomination for election as a Director of the Company has been received in accordance with Article 16.4 of the Company's Constitution and is recommended by the Board.

The Board considers that Mr Knox qualifies as an Independent, Non-executive Director.

Experience

Michael was previously an Australian Trade Commissioner serving in Saudi Arabia and Indonesia. He joined Morgans (now Morgans Financial Limited) in Sydney in 1988. He was Chief Institutional Options Dealer until moving to Brisbane in 1990 as Economist and Strategist. He joined the Board of Morgan Stockbroking in 1996. He became Director of Strategy and Chief Economist in 1998. Michael remained on the Board of Morgans until 2012.

Michael has served on many Queensland Government advisory committees. He was Chairman of the Queensland Food Industry Strategy Committee in 1992, a Member of the Consultative Committee of the Ipswich Development Board in 1993, a Member of the Queensland Tourism Strategy Committee in 1994 and a Member of the Ministerial Advisory Committee on Economic Development in 1997. From 2003 to 2012, he was Chairman of the Advisory Committee of School of Economics and Finance at the Queensland University of Technology. He has been a Governor of the American Chamber of Commerce from 1997 to 2007. In 2008, Michael joined the Board of The City of Brisbane Investment Corporation Pty Ltd. Michael remained on the Board until 2016. Michael was the President of the Economic Society of Australia (Qld) Inc from 2009 to 2013.

The Directors (with Mr Knox abstaining) support the election of Mr Knox and recommend that you vote in favour of this Ordinary Resolution.

Resolution 3 - Re-election of Mr Kerry John Daly as Director

In accordance with the requirements of the Company's Constitution and the ASX Listing Rules, one-third of the directors of the Company (other than the managing director and excluding any director appointed since the last annual general meeting) and those who were re-elected more than three years ago retire from office at this AGM and, being eligible, offer themselves for re-election.

This Resolution seeks Shareholder approval of the re-election of Mr Daly, who retires by rotation in accordance with the Company's Constitution.

Experience

Mr Daly was appointed to the Board in October 2009 and elected as a Director at the October 2009 annual general meeting. The Board considers Mr Daly to be an Independent

Director and as at June 2017 has served 8 years on the Board (having previously been re-elected at the October 2012 and November 2015 annual general meetings).

Mr Daly has over 33 years' experience in the financial services sector at Managing Director, Executive Director and Non-executive Director level and has been an ASX listed company director continuously since 1991.

Mr Daly is currently a Non-executive Director of Trustees Australia Limited, and Chairman of Axsess Today Limited.

The Directors (with Mr Daly abstaining) support the re-election of Mr Daly and recommend that you vote in favour of this Ordinary Resolution.

Resolution 4 - Resolution requisitioned by a member to remove Mr Philip Hennessy as Director (Non-Board Endorsed)

This Resolution has been proposed by a substantial shareholder, Ankla Pty Ltd ACN 074 315 432 (an entity associated with Mr Lev Mizikovsky), holding approximately 11.83% of the shares on issue in the Company at the date of this Explanatory Memorandum.

The notice provided by Ankla Pty Ltd to the Company under section 203D(2) of the Corporations Act included a request under section 249N of the Corporations Act to provide a statement to the Company's members. A copy of the member's statement (the **Member's Statement**) accompanies this Notice, as set out in Annexure A.

The Board respects the rights of shareholders to requisition a resolution to remove a director. However, the Directors (with Mr Hennessy abstaining) consider that:

- (a) the resolution requisitioned by Ankla Pty Ltd relies on a misconceived potential for a conflict of interest to arise from Mr Hennessy's historical association with KPMG. The Board is not aware of any facts or behaviour (whether by Mr Hennessy or others) that would amount to an actual or potential conflict of interest on the part of Mr Hennessy, and does not consider that there is any reasonable basis for an assertion of any actual or potential conflict of interest;
- (b) it is not in the interests of the Company for Mr Hennessy to be removed as a director.

Each of these matters are addressed in turn below.

Potential Conflict of Interest

Mr Mizikovsky, on behalf of Ankla Pty Ltd, alleges that the significant length of the relationship between Mr Hennessy and KPMG presents a very real potential for conflict to exist, including that responses and information provided by Mr Hennessy to KPMG may not be subject to the same level of audit rigour than if the pre-existing relationship between Mr Hennessy and KPMG did not exist. This allegation is without any proper foundation for at least the reasons that:

- Mr Hennessy retired as a partner of KPMG in 2013 (i.e. more than 4 years ago);
- Mr Hennessy's consulting arrangement with KPMG ceased in or about April 2015. Mr Hennessy is not a partner or employee of, or a consultant to, KPMG;

- Mr Hennessy does not receive any payments or other financial rewards from KPMG;
- the Company is aware of the previous relationship between Mr Hennessy and KPMG, and has procedures and protocols in place to address any perceived conflict of interest.

The appointment of KPMG as the Company's auditors in October 2015 followed a rigorous selection process where:

- five firms tendered for the audit;
- five directors interviewed each tenderer after reviewing their written proposals;
- after careful consideration of the written proposals and the interviews, five directors recommended the appointment of KPMG;
- six directors of the Company approved the appointment of KPMG;
- the appointment process occurred after Mr Hennessy's association with KPMG had ended, and at a time when Mr Hennessy was not the Chair of the Audit and Risk Management Committee.

To ensure transparency for, and to properly inform, the Shareholders in considering the concerns expressed by Mr Mizikovsky regarding the independence of Mr Hennessy, the Company engaged Prosperity Audit Services to provide an independent report as to the independence of Mr Hennessy in the context of the allegations made by Ankla Pty Ltd in its Member's Statement. By a letter dated 6 October 2017 from Prosperity Audit Services to the Company, Prosperity Audit Services advised that nothing has come to its attention based on its agreed procedures that would lead it to conclude that there is any reasonable basis for an assertion that there is a real conflict of interest relating to director independence of Mr Philip Hennessy.

The allegation by Mr Mizikovsky assumes that KPMG will fail to discharge their statutory and professional duties (including their duty as to independence) by reason of their previous association with Mr Hennessy. That allegation fails to recognise that those statutory and professional standards require the same high level of audit rigour irrespective of who provides the responses and information to the auditors. It is not credible to assert that KPMG will fail to properly discharge their audit function in relation to the Company because Mr Hennessy might be the person who provides responses or information to KPMG. In any case, Mr Hennessy is only one director on the Audit and Risk Management Committee which meets with KPMG on a regular basis.

KPMG has considered whether the position of Mr Hennessy as a director of the Company, and as chair of the Audit and Risk Management Committee, represents any threat to the independence of KPMG, and has confirmed to the Company that it does not.

Best Interests of the Company

The Directors (with Mr Hennessy abstaining) also consider that:

- Mr Hennessy brings to the Company significant depth of commercial experience in all aspects of financial accounting and corporate insolvency;

- Mr Hennessy has an enviable accounting, audit and risk pedigree, which provides the Company and its Shareholders with the rigour and discipline which is required to ensure sustainable and responsible growth of the Company's business;
- it is the skills which Mr Hennessy deployed as the chair of KPMG which will provide a valuable contribution and alternative perspective for the Company and its Shareholders. Those skills include his leadership in the Queensland market, implementation of market strategy, and engagement with clients and staff;
- Mr Hennessy provides substantial experience and business acumen which complements the key strengths of the other members of the Board and which will enable the Board to provide an efficient and dynamic governance structure and diversity of support for the EMT to develop and enhance the Company's business.

The Directors (with Mr Hennessey abstaining) support the retention of Mr Hennessy as a director and recommend that you vote **against** this Ordinary Resolution.

The Chairman of the AGM intends to vote undirected proxies **against** this Ordinary Resolution.

Proposed resolution regarding Disclosure of the Forensic Accountant Report

As noted in the Company's ASX Release on 4 September 2017 and in the Letter to Shareholders on 27 September 2017, the notice provided to the Company by Ankla Pty Ltd included a proposed resolution entitled Disclosure of Forensic Accountant Report "*That the Company disclose to members the Report of the independent forensic accountant*".

The report which is referred to in that proposed resolution is the report (the **EY Report**) prepared by Ernst & Young (**EY**), which is the independent forensic analysis report referred to by the Company in its ASX announcement dated 14 July 2017 and in the Letter to Shareholders dated 27 September 2017.

The Board has sought advice concerning this resolution, and after the receipt of such advice, formed the view that the proposed resolution is not a matter within the power of a general meeting to resolve and, accordingly, is not appropriate to be put to the Meeting.

In any event, the EY Report is available to be inspected by Shareholders as set out in the Letter to Shareholders dated 27 September 2017. A number of Shareholders have taken advantage of the opportunity to inspect, or obtain a copy of, the EY report, in accordance with the conditions set out in the Letter to Shareholders dated 27 September 2017. In those circumstances, there is no utility to the proposed resolution as an alternative mechanism has been provided for any Shareholder to inspect the EY Report should they wish to do so.

Notwithstanding that the proposed resolution by Ankla Pty Ltd is not appropriate to be put to the Meeting, the Board recognises that the Member's Statement by Ankla Pty Ltd raises issues which may be of interest to Shareholders and, accordingly, the Board responds to those issues below.

Background

The Member's Statement identifies a number of concerns which are said to have been held by Mr Mizikovsky during his period as a director of the Company. The Board's position is as follows:

- (a) Mr Mizikovsky was a director of the Company during the period from 1 July 2016 to 30 January 2017.
- (b) Mr Mizikovsky attended as a member of the Audit and Risk Management Committee at its meeting on 17 August 2016. Detailed discussion was held at that meeting regarding the capitalised computer software development costs recorded in the Company's 2016 financial statements. No objection was made by Mr Mizikovsky at that meeting regarding the capitalised computer software development costs recorded in the Company's 2016 financial statements, and the Audit and Risk Management Committee (including Mr Mizikovsky) recommended the 2016 financial statements for acceptance by the Board.
- (c) Mr Mizikovsky also attended at the board meeting of the Company on 18 August 2016 at which the Board (including Mr Mizikovsky) accepted and approved the Company's 2016 financial statements, and directed that they be lodged with the Australian Securities Exchange.
- (d) The issue as to whether the capitalised computer software developments costs have been properly recorded in the Company's financial statements has been considered by each of the following:
 - (i) PKF Hacketts - the previous auditors for the Company, who audited the financial statements prior to the 2016 financial statements;
 - (ii) KPMG - the current auditors for the Company, who audited the 2016 and subsequent financial statements. In addition to their consideration of the capitalised computer software development costs in connection with the Company's 2016 financial statements, at the request of the Board, KPMG was also asked to assess the carrying value for the C5 software as at 31 December 2016 prior to the Board approving the half-year accounts for 31 December 2016. On 18 February 2017, KPMG advised as to their view that "the current carrying value of C5 reflects its recoverable amount under Accounting Standards";
 - (iii) Director Leigh Berkley, having owned and led for 20 years a collections and debt buying business that relied on an in-house proprietary software system, conducted a review of the Company's C5 software system in February 2017 prior to the Board approving the half-year accounts for 31 December 2016. The review concluded that the allocation of staff costs to software development was thorough, well controlled, conservative and reasonable, and that oversight was good and evidence of decisions was documented;
 - (iv) EY who were engaged in May 2017 to:
 - (A) undertake a forensic analysis of the capitalised computer software development costs, including the underlying transactional data, to determine whether specific costs allocated to the computer software have been accounted for and capitalised in accordance with relevant Accounting Standards; and

- (B) provide an independent report as to whether the capitalised computer software development costs are properly recorded in the financial accounts of the Company.

For the purposes of their report, EY was specifically instructed to address, amongst other things, whether, in respect of the capitalised expenditure which had been accrued in the Company's financial accounts, there are amounts which should not properly be accrued on the basis that the costs represent either:

- (1) work which was undertaken for which there was no, or negligible, value to the Company; or
- (2) work which was undertaken which has since been rendered redundant.

- (e) Each of the assessments referred to above support the position which has been taken by the Board as to the capitalised computer software development costs which are properly recorded in the financial statements for the Company from time to time. More specifically, against the background of the EY report, the Board considers that it is demonstrable and evident that:

- (i) capitalised software development costs are documented, supported and reliably measured;
- (ii) there is contemporaneous documentation to support the costs, including but not limited to invoices, timesheet system data, general ledger and reconciliation data, email communications and business case documents;
- (iii) the software has been physically sighted and its existence confirmed.

Initial Investigations

- (f) In this regard, the Member's Statement misstates the true position in material respects. Mr Mizikovsky:
 - (i) was entitled, during such period as he was a director of the Company, to inspect the books and records of the Company in accordance with that position;
 - (ii) was not "met with a brick wall" in any way. The Board did not deny or restrict in any manner the right of Mr Mizikovsky to inspect the books and records of the Company or to make inquiries of such employees of the Company as he saw fit;
 - (iii) was not, to the knowledge of the Board, denied or restricted by the management of the Company in any manner from inspecting the books and records of the Company or from making such inquiries of the employees of the Company as he saw fit;
 - (iv) did not raise with the Board at any time during his tenure as a director of the Company that he had been "met with a brick wall" or that the co-operation which he had received was limited in any way. Those allegations were first made after Mr Mizikovsky had ceased to be a director.
- (g) When Mr Mizikovsky inquired of KPMG as to how they concluded that the expenditure was correctly capitalised, Mr Mizikovsky also requested that he inspect or receive a copy of the audit working papers that supported KPMG's conclusion. KPMG declined to release their audit working papers, and Mr Hennessy advised that it was his experience that auditors do not release their audit

working papers. Insofar as the Member's Statement alleges that the Board, or Mr Hennessy specifically, denied Mr Mizikovsky access to information to which he was properly entitled in his role as a director, that allegation is denied as it is untrue.

Alleged Admissions by the Board

- (h) Contrary to the Member's Statement, the EY Report does not support Mr Mizikovsky's allegation that the Board has made an admission that the financial statements for the Company did not properly record the capitalised computer software development costs from time to time. In fact, the contrary is true. The EY Report supports the position taken by the Board.
- (i) By a letter from the lawyers for Ankla Pty Ltd and Mr Mizikovsky dated 19 April 2017, Mr Mizikovsky expressed a concern as to "incorrect financial statements" in respect of which Mr Mizikovsky advised that he had "significant concerns regarding the capitalisation of expenditure in Collection House Limited's (the **Company**) accounts during the period from 2011 to 2016".
- (j) The concern expressed by Ankla Pty Ltd and Mr Mizikovsky was not shared by the Board. The Board regularly focusses on the value of the Company's intangible assets and, as referred to above, the carrying value of the C5 software has been the subject of specific and ongoing robust assessment by the Board. Nonetheless, in order to ensure the transparency and accuracy of its financial statements, the Board considered that it was sensible to engage an independent forensic accountant to undertake the analysis and to prepare the report referred to in paragraph (d)(iv) above so as to put the issue beyond doubt.
- (k) Mr Mizikovsky does not accept that the EY Report addresses the root of the problem. However:
 - (i) whether computer software development costs are properly capitalised in the Company's financial statements, and the carrying value of that intangible asset, must be assessed by reference to, and must conform to, the applicable Accounting Standards;
 - (ii) as referred to above EY was engaged to assess whether the capitalised computer software development costs were recorded in accordance with the relevant Accounting Standards;
 - (iii) to the extent that Mr Mizikovsky complains that the EY Report considers the Company's compliance with the Accounting Standards, that is because that is the allegation which the Company was addressing when responding to the allegation of "incorrect financial statements";
 - (iv) in short, the EY Report provides a definitive and comprehensive response to the allegations made by Mr Mizikovsky.
- (l) Once it is accepted (as it has been by the Company's previous auditors, the Company's current auditors, by EY and by the Board) that the Company has complied with the relevant Accounting Standards and that the capitalised computer software development costs are properly recorded in the financial statements of the

Company, the allegations by Mr Mizikovsky that the Company's profitability should have been significantly reduced and that "Company executives and insiders" have improperly profited, cannot be sustained.

- (m) On 24 July 2017, the Company provided a copy of the EY Report to ASIC. The Company has not received any communication from ASIC since that report was provided to ASIC.

Having regard to the matters referred to above, the criticisms by Ankla Pty Ltd and Mr Mizikovsky in relation to the capitalised computer software development costs are without merit.

Interpretation

In this Notice of Meeting and Explanatory Memorandum:

ASX means the ASX Limited ABN 98 008 624 691;

Board means the board of directors of the Company;

Chairman means the chairman of the Company;

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by regulation under the Corporation Act for the purposes of the definition of closely related party under the Corporations Act;

Company means Collection House Limited ABN 74 010 230 716;

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time;

Corporations Regulations means the *Corporations Regulations 2001* (Cth) as amended from time to time;

Directors means directors of the Company;

EMT means the Executive Management Team of the Company;

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting;

Group means the Company and its Subsidiaries;

Key Management Personnel or **KMP** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

Listing Rules or **LR** means the official listing rules of the ASX;

Meeting or **Annual General Meeting** or **AGM** means the Annual General Meeting of Shareholders to be held at the Emporium Hotel, 1000 Ann Street, Fortitude Valley Brisbane Queensland on Tuesday 28 November 2017 at 11:00am (Brisbane time);

Notice of Meeting or **Notice** means the notice of meeting convening the Meeting and the Explanatory Memorandum;

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders by members entitled to vote on the resolution;

Reporting Period means 1 July 2016 to 30 June 2017;

Resolution means a resolution to be proposed at the Meeting;

Share means an ordinary fully paid share in the issued capital of the Company;

Shareholder means a holder of Shares in the Company;

Subsidiary has the meaning given to that term in the Corporations Act.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Ms Kristine May, the Company Secretary:

PO Box 2247
Fortitude Valley BC QLD 4006
Australia
Tel: +61 7 3292 1015
Email: Kristine.May@collectionhouse.com.au

Annexure A

Member's Statement Pursuant To Section 249P of the Corporations Act 2001

1. Background

Since approximately 2010 Collection House has been and incurring significant cost in developing its proprietary software known as "C5". The table below sets out the expenditure spent on developing its intangible assets in the financial years ended 30 June 2012 until 30 June 2016.

Year	2012	2013	2014	2015	2016
Work-in progress cost re intangible assets	\$1,437,000	\$3,835,000	\$3,311,000	\$2,241,000 \$2,640,000 ^{note}	\$3,214,000

Source: Annual Reports 2012 to 2016.

Note: The 2015 Annual Report the Accounts show a transfer of \$2.642m of work-in-progress to actual software.

Since becoming a director the development and benefit of the C5 software to the Company has been a constant source of concern. I was never convinced that C5 provided meaningful improvements over C4 infrastructure on which C5 is based or that C4 itself has been improved in a material way – let alone to the level that the money spent on development would otherwise suggest. The sheer scale of these costs relative not only to the software improvements but the profit before tax each year, gives one reason to pause and question what the Company got for its substantial investment. How much development work of justifiable merit was actually done?

2. Initial Investigations Raise Only More Questions

During my time as a Director on the Board from 1 July 2016 until 30 January 2017 I attempted to investigate and answer these questions – with limited cooperation or success. For example, when I approached the manager in charge of development for answers I was met with a brick wall and the manager strangely went on personal leave and filed a complaint against the Company as a result of my questions. For such a simple administrative enquiry of a director what unfolded was not only bizarre, it only lead to me having a heightened sense that my concerns had real merit. When I asked the auditor, KPMG, how they concluded the expenditure was correctly capitalised, I was effectively told I was not privy to this information. Given I was a Director at the time, it most disconcerting that this response was supported by Director, Philip Hennessey.

3. Admissions by the Board

Only following protracted negotiations between me and the Board has the Company :

- announced capitalised computer software development expenditure (including work in progress) of \$1.7million will need to be written-off; and
- commissioned an independent accounting firm to ascertain whether there was supporting evidentiary documentation and software development work to justify the \$13.4M development costs as at 31 December 2016.

I have been shown a copy of the Report and I am of the view that:

- the Report does not address the root of the problem I have raised and the Report is another attempt by the Board to circumvent my attempts to ascertain the true extent of this problem; and
- the Company did not engage the expert to investigate whether development work of justifiable merit was actually done but rather whether the paperwork complied with the Accounting Standards – the difference is meaningful.

Why is all of this relevant? If the capitalised expenditure was not properly incurred then it should have been expensed in the Company's accounts. Because of the large sums involved, this would have significantly reduced the profitability of the Company and, arguably, had a negative impact on the share price during those years. This was at a time when the share price was high and Company executives and insiders profited from the sale of large parcels of shares, in most cases their entire holdings. The coincidence of the two is curious if not troubling.

In the face of so much conjecture and given the magnitude of this issue, shareholders need to be provided a copy of the Report to consider for themselves whether it addresses these concerns.

4. Removal of Philip Hennessey as a Director

During my involvement in this matter it has become abundantly clear that it is not appropriate for Philip Hennessey to remain in the office of Director, let alone Chair on the Audit Committee. Mr Hennessey served as Chair of KPMG for 12 years before joining the Company. During his time as Director, and to this day KPMG remains the Company's auditor. The significant length of the relationship between Mr Hennessey and KPMG at the highest levels of management presents a very real potential for conflict to exist. This includes, responses and information Mr Hennessey provides to the auditor potentially not being subject to the same level of audit rigor compared to if the pre-existing relationship did not exist.

The unfolding of events during my investigations only highlighted the unacceptable nature of the relationship between Mr Hennessey and the auditor. For publically listed companies it is not acceptable for a Director to pose the potential for such a conflict to exist, let alone in matters of auditor independence. As such, Mr Hennessey should be required to stand aside from holding the office of Director.

5. Vote Against Remuneration Report

The 30 June 2017 financial results are evidence that the Board does not have the necessary breadth of experience to guide the Company in the short and longer terms. In an age where there is demand to use technology to drive efficiencies and new services, the skillsets of the present Board are inadequate to meet this challenge.

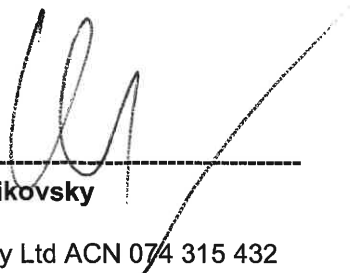
I urge shareholders to vote against the Remuneration Report in a sign that you are not satisfied with current performance and the composition of the Board needs immediate review and action.

6. Proposed Resolutions

Notice has been given to the Company that the following resolutions will be moved at the next general meeting of the Company:


1. That the Company disclose to members the Report of the independent forensic accountant.
2. That Philip Hennessey be removed as director of the Company, effective immediately.


I encourage you to vote in favour of these resolutions



Lev Mizikovsky
Director
Ankla Pty Ltd ACN 074 315 432

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 181169

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 11:00 am (Brisbane time) Sunday, 26 November 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged 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, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Collection House Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Collection House Limited to be held at the **Emporium Hotel, 1000 Ann Street, Fortitude Valley, Brisbane QLD at 11:00 am (Brisbane time) on Tuesday, 28 November 2017** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Resolution 1** (except where I/we have indicated a different voting intention below) even though **Resolution 1** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Resolution 1** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr Michael Knox as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Kerry John Daly as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Resolution requisitioned by a member to remove Mr Philip Hennessy as Director (Non-Board Endorsed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Before completing your vote and returning by post please consider using the preferred electronic voting option outlined on the front page of this form

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 1 to 3 and against Item 4 of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /