

20 November 2013

Company Announcements  
ASX Limited

**Off-market bid by Gro-Aust Holdings Limited (Bidder) to acquire all ordinary shares in Tranzact Financial Services Limited (Target)**

Please find enclosed in accordance with section 647(3)(b), a copy of the first supplementary bidder's statement dated 20 November 2013 in relation to the Bidder's off-market takeover bid for all of the issued shares in the Target.

The offers are dated 20 November 2013.

Yours faithfully



**Paul Foley**  
Director  
Gro-Aust Holdings Limited

enclosure

# **FIRST SUPPLEMENTARY BIDDER'S STATEMENT**

**20 NOVEMBER 2013**

**IN RESPECT OF THE CASH OFFER BY**

**GRO-AUST HOLDINGS LIMITED**

**(a company incorporated in New Zealand (Company Number 1262146))**

**to acquire all the ordinary shares in**

**TRANZACT FINANCIAL SERVICES LIMITED**

**ABN 84 089 997 731**

---

**This is the first supplementary bidder's statement ('First Supplement') to the Bidder's Statement dated 6 November 2013 ('Bidder's Statement') issued by Gro-Aust and lodged with ASIC on 6 November 2013 in relation to the offer by Gro-Aust for all the ordinary shares in Tranzact.**

**Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this First Supplement. This First Supplement prevails to the extent of any inconsistency with the Bidder's Statement.**

**A copy of this First Supplement was lodged with ASIC on 20 November 2013. Neither ASIC nor its officers takes any responsibility for the contents of this First Supplement.**

---

# Part A – Letter to Tranzact Shareholders

---

20 November 2013

Dear Tranzact Shareholder,

## **Cash takeover bid for Tranzact – the First Supplementary Bidder's Statement.**

We refer to our Bidder's Statement dated 6 November 2013 containing an offer to acquire all of your shares in Tranzact Financial Services Limited (**Tranzact**). As set out in the Bidder's Statement, Gro-Aust is offering \$0.12 cash for each Tranzact Share that you own (the **Offer**).

Enclosed are the details of the Offer, which are contained in two parts: the first part is this First Supplementary Bidder's Statement (**First Supplement**), and the second part is the Bidder's Statement dated 6 November 2013. The First Supplement amends the Bidder's Statement as set out in Part C of this document.

The Offer is compelling and provides you with an opportunity to extract substantial value from your shares. I am confident that you will find the benefits of the Offer attractive.

## **The Offer provides you with certainty as to the value of your Tranzact Shares.**

You will be paid \$0.12 in cash by Gro-Aust for each Tranzact Share you own if you accept this Offer and the Conditions are satisfied or waived.

## **The Offer by Gro-Aust is the only offer available to Tranzact Shareholders.**

To date, no party other than Gro-Aust has formally announced an offer or any intention to make an offer for your Tranzact Shares. Gro-Aust currently owns 60.4% of the total ordinary shares on issue in Tranzact, which is a controlling shareholding and Gro-Aust believes that a competing offer for the Tranzact Shares is unlikely.

## **The Offer Price of \$0.12 per share in cash represents a significant premium to the price of \$0.09 per share prior to the Offer being made public.**

The Offer of \$0.12 per Tranzact Share represents a significant premium to Tranzact's trading prices prior to Gro-Aust's announcement on 6 November 2013. The Offer represents a:

- 33% premium to the \$0.09 closing Tranzact Share price on 5 November 2013;
- 28.6% premium to the 3 month VWAP of Tranzact Shares on ASX up to and including 5 November 2013;
- 30.6% premium to the 6 month VWAP of Tranzact Shares on ASX up to and including 5 November 2013.

## **The Offer Price reflects what Gro-Aust considers to be the Net Asset Value of Tranzact and does not reflect any discount for the lack of liquidity of Tranzact Shares (less than 0.9% of the total shares on issue had been traded in the 3 months leading up to the Offer being made public).**

Whether or not the Offer is successful, Gro-Aust believes that Tranzact should not be allowed to continue to incur significant costs associated with its listing on the ASX when its remaining business is too small to be sustainable in the longer term and Gro-Aust, as the majority shareholder, sees limited prospects to profitably expand the business. For this

reason, Gro-Aust will review Tranzact's listing on ASX after the Offer closes – see section 5 of Part 1 of the Bidder's Statement as amended by Part C of this First Supplement.

The Offer is subject to a number of conditions, including Gro-Aust acquiring, in summary, a relevant interest in at least 90.11% of Tranzact Shares. The full list of conditions is outlined in clause 7.1 of Part 2 of the Bidder's Statement as amended by Part C of this First Supplement.

I strongly recommend you read the Bidder's Statement as amended by Part C of this First Supplement carefully and encourage you to accept the Offer for the reasons outlined in the Bidder's Statement as amended by Part C of this First Supplement.

This Offer should be considered against the risks and uncertainties relevant to each Tranzact Shareholder. If you do not accept the Offer, and the Offer is not successful, you may wish to consider the implications of being a minority shareholder in Tranzact in a context where there has been a lack of liquidity in Tranzact Shares, as well as the implications of a probable decline in the market price of Tranzact Shares to price levels prior to our announcement of the Offer.

Instructions on how to accept the Offer are set out on page 4 of this First Supplement, in the Bidder's Statement as amended by Part C of this First Supplement and in the Acceptance Form that accompanies the Bidder's Statement. If you have any further questions, please contact Gary Scott on +61 2 9236 5600 or +64 4 473 0262 (for callers in New Zealand), or consult your financial or other professional adviser.

The Offer is scheduled to close at 7.00pm Sydney time on 20 December 2013 (but may be extended).

Thank you for your consideration of this Offer. We look forward to receiving your acceptance.

Yours sincerely



**Paul Foley**

Chairman

Gro-Aust Holdings Limited

# Part B – Additional offer information

---

This summary gives an overview of the instructions on how to accept the Offer and some additional offer information. Further details are set out in the Bidder's Statement as amended by Part C of this First Supplement and in the accompanying Acceptance Form.

---

## How to accept

Your acceptance must be received before the end of the Offer Period (7.00pm Sydney, Australia time on 20 December 2013, unless the Offer Period is extended). Depending on the nature of your holding, you may accept the Offer in the following ways.

### **CHESSE Holding**

If there is an 'X' appearing next to your holder number on the enclosed Acceptance Form, then your Tranzact Shares are in a CHESSE Holding. To accept:

- instruct your Controlling Participant to initiate acceptance of the Offer; or
- complete the enclosed Acceptance Form in accordance with the instructions on the form and send it in the enclosed reply paid envelope to the address below.

### **Issuer sponsored holding**

If there is an 'I' appearing next to your holder number on the enclosed Acceptance Form, then your Tranzact Shares are in an Issuer Sponsored Holding. To accept:

- complete the enclosed Acceptance Form in accordance with the instructions on the form; and
- send it with all other documents required by the instructions on the Acceptance Form in the enclosed reply paid envelope to the address below.

You will only be sent one Acceptance Form with the Bidder's Statement, depending on whether your Tranzact Shares are in a CHESSE Holding or in an Issuer Sponsored Holding. That will be the Acceptance Form to be used in relation to your Tranzact Shares.

For full details, see clause 3 of Part 2 of the Bidder's Statement as amended by Part C of this First Supplement.

---

## Send your Acceptance Form

Send your Acceptance Form and other documents (if any) required by the instructions on the Acceptance Form:

By post to:

Computershare Investor Services Pty Limited  
GPO Box 1326  
Adelaide, South Australia 5001, Australia

Or, by facsimile to:

(within Australia) 1300 534 987  
(outside Australia) +61 3 9473 2408

---

## Closing Date

The Offer is scheduled to close at 7.00pm Sydney, Australia time on 20 December 2013 (but it may be extended).

---

## Key conditions of the Offer

The Offer is subject to the conditions set out in clause 7.1 of Part 2 of the Bidder's Statement as amended by Part C of this First Supplement. They broadly include:

---

- 
- Gro-Aust acquiring a relevant interest in at least 90.11% of Tranzact Shares;
  - a majority of the independent directors of Tranzact do not recommend, in the Target's Statement or subsequently, that the Offer not be accepted; and
  - the All Ordinaries Index (XAO) not falling to 4,500 or less and remaining at or below that level (at the close of trade) for five consecutive Business Days or until 6 Business Days before the end of the Offer Period.

The above is a summary only and full details of all the conditions are set out in clause 7.1 of Part 2 of the Bidder's Statement as amended by Part C of this First Supplement.

Gro-Aust will not waive the first condition above (set out fully in clause 7.1(a) of the terms of the Offer in Part 2 of the Bidder's Statement as amended by Part C of this First Supplement) if funding for the Offer remains contingent on satisfaction of a corresponding finance condition (see section 4.4(b)(i) of Part 1 of the Bidder's Statement as amended by Part C of this First Supplement).

Subject to law, Gro-Aust will only seek to rely on the non-satisfaction of the second condition above (set out fully in clause 7.1(b) of the terms of the Offer in Part 2 of the Bidder's Statement as amended by Part C of this First Supplement) if funding for the Offer is unavailable because of non-satisfaction of a corresponding finance condition (see section 4.4(b)(ii) of Part 1 of the Bidder's Statement as amended by Part C of this First Supplement).

---

**Funding for the Offer**

The funding arrangements for the Offer are described in section 4 of Part 1 of the Bidder's Statement as amended by Part C of this First Supplement.

---

**When you will be paid if you accept the Offer**

If you accept the Offer (and return the documents required with your acceptance), your consideration will be sent to you by cheque on the earliest of:

- if the Offer is unconditional when you accept the Offer, one month after the date you accept the Offer;
- if the Offer is not unconditional when you accept the Offer, one month after the date the Offer becomes unconditional; and
- 21 days after the end of the Offer Period provided that the Offer has become unconditional.

However, there are certain exceptions to the above timetable for payment.

See clause 2 of Part 2 of the Bidder's Statement as amended by Part C of this First Supplement for further information.

---

**Where to go for further information**

Please refer to the Bidder's Statement as amended by Part C of this First Supplement. For queries on how to accept the Offer, refer to the Acceptance Form accompanying the Bidder's Statement, or if you have any additional questions about the Offer or the actions you are required to take to accept the Offer, you should seek legal, financial and/or taxation advice from your professional adviser. Alternatively, please contact Gary Scott on +61 2 9236 5600 or +64 4 473 0262 (for callers in New Zealand).

---

# Part C – Changes to the Bidder's Statement

---

The Bidder's Statement is changed as set out below.

## 1. Letter to Tranzact Shareholders – page ii

In the letter to Tranzact Shareholders on page ii:

- (a) under the sub-heading 'The Offer provides you with certainty as to the value of your Tranzact Shares', after the words 'You will be paid \$0.12 in cash by Gro-Aust for each Tranzact Share you own if you accept this Offer' insert 'and the Conditions are satisfied or waived'; and
- (b) in the sentence 'The Offer Price reflects what Gro-Aust considers to be the Net Asset Value of Tranzact and does not reflect any discount for the lack of liquidity of Tranzact Shares (less than 0.9% of the total shares on issue had been traded in the 3 months leading up to the date of this Offer)', replace the words 'date of this Offer' with the words 'Offer being made public'.

## 2. Summary of the Offer and how to accept – page 2

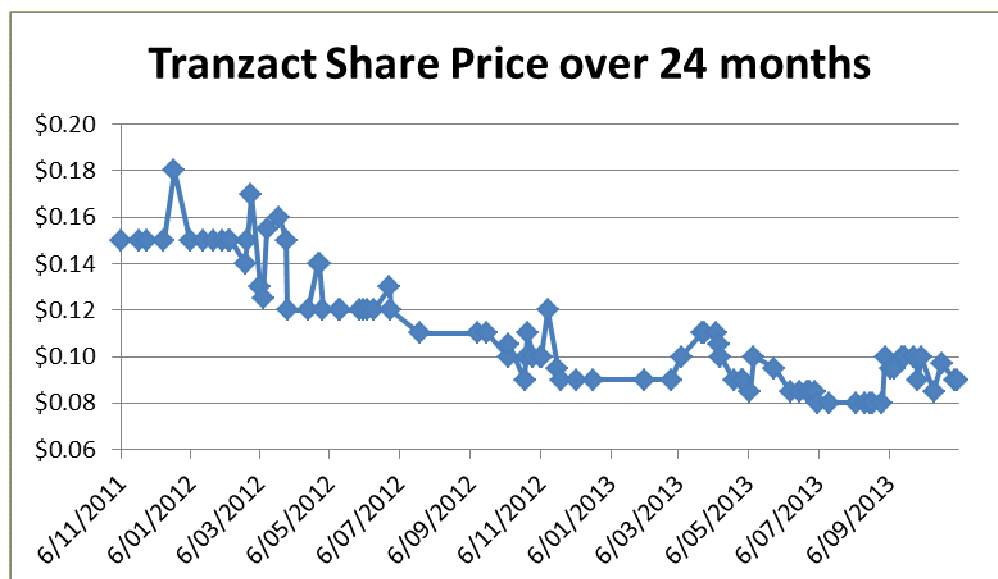
In the summary of the Offer and how to accept beginning on page 2:

- on page 3, in relation to the rows with the sub-headings 'Send your Acceptance Form' and 'Key conditions to the Offer', replace the rows with the corresponding rows from Part B of this First Supplement, but omit the words 'as amended by Part C of this First Supplement' wherever occurring.

## 3. Why you should accept this Offer – page 5

In the section titled 'Why you should accept this Offer' beginning on page 5:

- (a) on page 6, under the sub-heading '2. Cash offer delivers certain value for your Tranzact Shares':
  - (i) in the first bullet point replace the word 'receive' with 'be paid'; and
  - (ii) in the third bullet point replace the words 'receive payment' with 'be paid';
- (b) on page 7:
  - (i) under the sub-heading '3. The Tranzact share price may fall if the Offer does not succeed', insert the words 'for the six months' before the words 'prior to the announcement of Gro-Aust's Offer'; and
  - (ii) under the sub-heading '4. The risks of continuing to be a minority shareholder in Tranzact as Gro-Aust is already a majority shareholder in Tranzact':
    - (A) in the last paragraph (before the chart), replace the words 'trading price' with 'daily VWAP'; and
    - (B) at the end of the last paragraph, insert the words 'The diamonds on the chart represent the daily VWAP of Tranzact Shares on ASX on each day that trades were recorded.'; and
  - (iii) replace the existing chart with the following chart:



#### 4. Statutory information – Part 1

In the statutory information contained in Part 1 beginning on page 9:

- (a) on page 9, in section 1.1 insert new paragraphs at the end of that section as follows:

'Grosvenor's four top shareholders are:

- (a) Yeo Family Trustee Limited, which holds 17.51% of Grosvenor's issued shares;
- (b) Fidelity Life Assurance Company Limited, which holds 13.29% of Grosvenor's issued shares; and
- (c) Murray Alexander McCaw, Milton John Jennings, Paul Gerard Foley, Allan Seng Tong Yeo, Peter Brian Christensen and Stephen Charles Benton, who together hold 8.95% of Grosvenor's issued shares; and
- (d) Taupo Moana Investments Limited, which holds 7.75% of Grosvenor's issued shares.

Further information on Grosvenor's shareholders is available free-of-charge from the New Zealand Companies Office website at [www.business.govt.nz/companies](http://www.business.govt.nz/companies).'

- (b) in the table containing the profile information of Gro-Aust and Grosvenor directors under section 1.3 of Part 1, on page 10, insert a new row at the end of the table as follows:

<p><b>Milton John Jennings</b> <b>B.Com</b> <b>Age, 56</b></p>	<p><b>Grosvenor: Non-Executive Director (Director since 7 November 2013)</b></p> <p>Mr Jennings is the Chief Executive Officer of Fidelity Life Assurance Company Limited and has been the CEO for over 12 years. Mr Jennings has significant experience in the life insurance and funds management industry, and has successfully defended the Fidelity Life business from a hostile takeover from TOWER and two years later was instrumental in the acquisition of TOWER's Life and Group Risk business.</p>
--	--

*Note: Mr Jennings was only appointed as a director of Grosvenor after the date of the Bidder's Statement.*



- (c) on page 13, in section 3.1 of Part 1, replace the words before 'neither Gro-Aust nor any of its Associates has provided or agreed to provide consideration for a Tranzact Share' with 'During the four months before 20 November 2013,';
- (d) on page 14, in section 4.3 of Part 1, in the second paragraph:
  - (i) delete the words ', net operating cash flows';
  - (ii) replace the words 'a New Zealand Registered Bank' with 'ANZ Bank New Zealand Limited'; and
  - (iii) at the end of the paragraph, insert the words 'Grosvenor has set aside its \$2,300,000 cash reserves for the purposes of funding the Offer and these cash reserves are not presently required for any other purposes.'
- (e) on page 16, in section 5.3(d) of Part 1, replace the entire paragraph with:
 

'Gro-Aust estimates that the cost savings which might emerge from the consolidation described above would reflect savings on some of the total annual director fees of over \$200,000 currently paid, and savings related to the costs of ASX listing of approximately \$50,000. These costs could substantially be saved if Gro-Aust achieves 100% ownership, and to a lesser extent should Gro-Aust not be successful in achieving 100% ownership.'; and
- (f) on page 17, in section 5.4(b) of Part 1, delete the words 'be able to' in the first sentence.

## 5. Terms of the Offer – Part 2

In the terms of the Offer contained in Part 2 beginning on page 25:

- (a) on page 27, in clause 2.2(c) of Part 2, insert a footnote marked '†' at the end of '(unless you include valid account details on the Acceptance Form for the payment to be made by direct deposit as specified on the Acceptance Form)' as follows:
 

'It is not possible to receive payment by direct deposit because the Acceptance Form does not provide for payment in that form.';
- (b) on page 28, in clause 3.6 of Part 2, insert a footnote marked '††' at the end of the first sentence as follows:
 

'It is preferable for acceptances sent by facsimile to be sent to Gro-Aust's registry for the Offer on the following facsimile numbers.  
Fax: (within Australia) 1300 534 987 (outside Australia) +61 3 9473 2408'; and
- (c) on page 32, in clause 7.1(a)(ii) of Part 2, insert a footnote marked '‡' at the end of the sentence as follows:
 

'Given Gro-Aust's interests described in section 2.6 of Part 1 of this Bidder's Statement, the combined effect of conditions 7.1(a)(i) and 7.1(a)(ii) is that Gro-Aust needs to have a 90.11% relevant interest in Tranzact Shares in order to satisfy the minimum acceptance condition.'

## 6. Defined terms and interpretation – Part 3

In the defined terms and interpretation contained in Part 3, beginning on page 35:

- (a) in the definition of 'ASX', add at the end of the definition the words 'or the financial products market, Australian Securities Exchange, as the context requires' and
- (b) insert the following new definition on page 36:
 

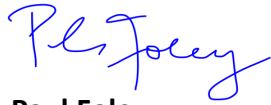
**'Net Asset Value** means the company's total assets minus its total liabilities.'

# Signing page

---

DATED 20 November 2013

Signed on behalf of Gro-Aust according to a resolution of the directors of Gro-Aust dated 20 November 2013.



**Paul Foley**

Chairman

Gro-Aust Holdings Limited