

Tranzact Financial Services Limited
ABN 84 089 997 731

Notice of Annual General Meeting and Explanatory Memorandum

Date: 31 October 2012

Time: 2.00 p.m.

Place: Level 5, 241 Castlereagh Street
Sydney, New South Wales

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2012 Annual General Meeting of Tranzact Financial Services Limited (the 'Company') will be held at the registered office of the Company at Level 5, 241 Castlereagh Street, Sydney, New South Wales on Wednesday, 31 October 2012 at 2.00 p.m.

Ordinary Business

1. Financial Report

To receive and consider the Financial Report of the Company and its controlled entities, together with the related Directors' Report, Directors' Declaration and the Independent Auditor's Report, for the year ended 30 June 2012.

2. Remuneration Report

To consider and, if thought fit, to pass the following as an ordinary resolution:

'That the Remuneration Report for the year ended 30 June 2012 be adopted.'

Note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Election of Directors

(a) To consider and, if thought fit, to pass the following as an ordinary resolution:

'That Mr Anthony Ractliffe be re-elected as a Director of the Company.'

(b) To consider and, if thought fit, to pass the following as an ordinary resolution:

'That Mr Richard Rodgers be re-elected as a Director of the Company.'

(c) To consider and, if thought fit, to pass the following as an ordinary resolution:

'That Mr Chris Malkin be elected as a Director of the Company.'

4. Resignation of Auditor

To note the resignation of BDO Audit (NSW-VIC) Pty Ltd accepted by the Directors due to the audit directors joining Grant Thornton Audit Pty Ltd.

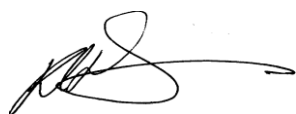
5. Appointment of Auditor

To consider and, if thought fit, to pass the following change as an ordinary resolution:

'That the company resolves to re-appoint Grant Thornton Audit Pty Ltd as auditors of the Company.'

The board recommends that shareholders vote in favour of this resolution.

By order of the Board



Richard Rodgers
Company Secretary
27 September 2012

Notes

1. If you are unable to attend the meeting, you may appoint a proxy to attend and vote for you. A proxy need not be a shareholder of the Company.
2. A proxy form is included for shareholders with this Notice of Annual General Meeting. Proxy voting instructions are provided on the back of the proxy form.
3. Proxy forms must be received by the Company by 2.00 p.m. on Monday, 29 October 2012. Proxy forms may be lodged with the Company by mailing the form to PO Box 20314, World Square, Sydney NSW 2002, or by facsimile to (02) 9236 5699 or by delivery in person at Level 5, 241 Castlereagh Street, Sydney NSW 2000.
4. In accordance with section 1074E(2)(g)(i) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations, the holders of the Company's shares for the purpose of the meeting will be those registered as holders of the Company's shares at 7.00 p.m. on Tuesday, 30 October 2012.

EXPLANATORY MEMORANDUM

1. Financial Report

As required by the Corporations Act 2001, the Financial Report of the Company and its controlled entities for the year ended 30 June 2012 (including the Directors' Report, Directors' Declaration and Independent Auditor's Report) will be laid before the meeting. There is no requirement for a formal resolution on this item.

Shareholders will have a reasonable opportunity at the meeting to ask questions about or comment on the Financial Report and the management of the Company. The Auditor of the Company will also be available to answer any questions in accordance with the Corporations Act 2001.

2. Adoption of the Remuneration Report

The Annual Report for the year ended 30 June 2012 contains a Remuneration Report (refer to pages 10 to 14) which sets out the policy for the remuneration of Directors and specified executives.

Section 250R (2) of the Corporations Act 2001 requires that a resolution that the Remuneration Report be adopted be put to the vote at the Company's annual general meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report, and the Chairman intends to vote all undirected proxies in favour of the resolution to adopt the Remuneration Report.

Section 250R(4) of the Corporations Act 2001 provides that Key Management Personnel may not vote on a resolution adopting the Remuneration Report unless they are appointed as proxy for another person and that person directs the member of Key Management Personnel how to vote on the resolution. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

If you intend to appoint a member of Key Management Personnel other than the Chairman as your proxy, you should ensure that you direct your proxy how to vote on Resolution 2.

If you appoint the Chairman as your proxy and do not direct the Chairman how to vote on Resolution 2, you will be deemed to have directed the Chairman to vote in favour of Resolution 2.

Shareholders will have a reasonable opportunity at the meeting to ask questions about or comment on the Remuneration Report in accordance with the Corporations Act 2001.

The "Two Strikes" Rule applies. If there is more than 25% vote against the Remuneration Report at this meeting then:

- the next year's remuneration report must contain details of any proposed actions to address any concerns raised by shareholders at this meeting, or the Board's reasons for inactions; and
- if at the next annual general meeting more than 25% vote against the next year's remuneration report then a 'spill resolution' will be put to the shareholders at that meeting, i.e. whether or not to hold a 'spill meeting' within 90 days to vote on the re-election of the existing directors. The Managing Director will not be subject to the spill motion.

3. Election of Directors

(a) Mr Anthony Ractliffe

The Directors (with Mr Ractliffe abstaining) recommend that shareholders vote in favour of Item 3(a). A business consultant and professional Company Director, Mr Ractliffe is a director of Grosvenor Financial Services Group Limited and Chair of the NZ Export Credit Office as well as TriMax Assurance Services Limited. Previously he was Deputy Chairman of Accident Compensation Corporation (NZ) and before that New Zealand Chief Executive Officer of the National Mutual Group (which became AXA New Zealand). Further information about Mr Ractliffe is contained in the Annual Report (refer to page 5).

(b) Richard Rodgers

The Directors (with Mr Rodgers abstaining) recommend that shareholders vote in favour of Item 3(b). Mr Rodgers has over 36 years' experience in the Australian accounting industry. Mr Rodgers, a Chartered Accountant, established his own practice in 1984, which he continues to operate. As part of his day to day business Mr Rodgers is involved in many aspects of the Australian financial and superannuation industry and is a director of a number of private companies. Further information about Mr Rodgers is contained in the Annual Report (refer to page 5).

(c) Mr Chris Malkin

The Directors recommend that shareholders vote in favour of Item 3(c). Chris has held a number of senior positions both in industry and in several professional services roles, and has developed a specialisation in the superannuation industry. Full details of Chris' background can be found in his resume in Attachment A.

4. Resignation of Auditor

Due to the circumstances described in item 5 below, BDO Audit (NSW-VIC) Pty Ltd resigned as Auditor of the Company. This resignation was accepted by the Directors.

5. Appointment of Auditor

The Company's auditor, BDO Audit (NSW-VIC) Pty Ltd has acted as the company's auditors since 2007. The Directors of BDO Audit (NSW-VIC) Pty Ltd became partners in Grant Thornton Audit Pty Ltd effective 1 May 2012.

Since BDO Audit (NSW-VIC) Pty Ltd ceased to have access to the BDO audit methodology tools and their staff also became employees of Grant Thornton Audit Pty Ltd from 1 May 2012, these events represented exceptional circumstances. Accordingly, at that time BDO Audit (NSW-VIC) Pty Ltd resigned as Auditor and the Directors resolved, after proper enquiries and receiving a consent to act as Auditor, to appoint Grant Thornton Audit Pty Ltd as Auditor of the company.

In accordance with the Corporations Act 2001, Grant Thornton Audit Pty Ltd hold the office of Auditor until this annual general meeting and the company must appoint or re-appoint a person, firm or audit company to fill the position of Auditor of the company at the next annual general meeting.

A nomination has been received from a member of the company, to appoint Grant Thornton Audit Pty Ltd as Auditor and a copy of that nomination accompanies this Notice of Annual General Meeting. This included as Attachment B.

The Directors recommend that the shareholders vote in favour of this resolution.

Proxy Form 2012 AGM - Tranzact Financial Services Limited (ABN 84 089 997 731)

1. Member's Name and Address

Name/Title _____

Address _____

2. Appointment of Proxy

I/We being a member/s of Tranzact Financial Services Limited and entitled to attend and vote hereby appoint

☐ the Chairman of the Meeting (mark with an 'X') **OR** Write the name of the person you are appointing if this person is **someone other than the** Chairman of the Meeting.

or failing the person named, or if no person 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, as the proxy sees fit) at the Annual General Meeting of Tranzact Financial Services Limited to be held at Level 5, 241 Castlereagh Street, Sydney New South Wales on 31 October 2012 at 2.00 p.m. and at any adjournment of that meeting.

If you appoint the Chairman of the meeting as your proxy and you do not specify in section 3 below the manner in which you wish the Chairman to vote on the resolutions to be considered at the meeting, you will be deemed to have directed the Chairman to vote in favour of all the resolutions below, that is:

- Item 2 - To adopt the Remuneration Report – FOR
- Item 3(a) – To re-elect Mr Anthony Ractliffe as a Director – FOR
- Item 3(b) – To re-elect Mr Richard Rodgers as a Director – FOR
- Item 3(c) - To elect Mr Chris Malkin as a Director – FOR
- Item 5 – To re-appoint Grant Thornton Audit Pty Ltd as Auditor of the Company - FOR

If you appoint the Chairman of the meeting and wish to direct the Chairman how to vote on some or all of the resolutions to be considered at the meeting, you must complete section 3 below. If you do not complete section 3 below, *you acknowledge and agree that the Chairman may vote in favour of Item 2 even though it is connected with the remuneration of a member of the key management personnel.*

3. Voting directions to your proxy – please mark 'X' to indicate your directions

Ordinary Business

	For	Against	Abstain*
Item 2. To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3(a). To re-elect Mr Anthony Ractliffe as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3(b). To re-elect Mr Richard Rodgers as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3(c). To elect Mr Chris Malkin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5. To re-appoint Grant Thornton Audit Pty Ltd as Auditor of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intentions advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of these items of business.

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

4. Appointing a second Proxy

☐ Mark with an 'X' if you wish to appoint a second proxy **AND** ☐ % Indicate the percentage of your voting shares or the number of shares for this proxy form **OR** Number of shares

5. PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

**Sole Director and
Sole Company Secretary**

Shareholder 2

Director

Shareholder 3

Director / Company Secretary

Contact Name

Contact Daytime Telephone

Date

How to complete this Proxy Form

1 Your Name and Address

Please complete your name and address as it appears on the Company's share register.

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

If you appoint the Chairman as your proxy and do not give voting directions then you in effect authorise the Chairman to vote all undirected proxies in favour of each of the resolutions including those related with remuneration.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you mark more than one box on an item your vote on that item will be invalid.

If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. However, if your proxy is a key management personnel (or a closely related party) then he or she cannot vote undirected proxies on any resolution which is directly or indirectly connected to remuneration of key management personnel.

If you appoint the Chairman as your proxy and do not give voting directions then you in effect authorise the Chairman to vote all undirected proxies in favour of each of the resolutions including those related with remuneration.

4 Appointment of a Second Proxy (if desired)

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the Company or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the shareholders must sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney document with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

Lodgement of Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting – i.e. 2.00 p.m. on Monday, 29 October 2012. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

- by posting to PO Box 20314, World Square, Sydney NSW 2002; or
- by delivery to the Company's registered office at Level 5, 241 Castlereagh Street, Sydney NSW 2000; or
- by facsimile to (02) 9236 5699.

Chris Malkin AGIT TTTC FCA FCPA
Consulting Auditor, Baumgartner Superannuation

**PROFESSIONAL
QUALIFICATIONS:**

AGIT (Commerce)
Trained Technical Teachers Certificate
(Education Department of Victoria)
Certificate of Financial Planning (CPAA)

Fellow of CPA Australia
Fellow of the Institute of Chartered
Accountants in Australia
Certificate of Registration as an Auditor
Certificate of Registration as a Tax Agent

DOB:

17 August 1947

CAREER HISTORY:

1969 - Secondary Teacher, Accounting and Economics
1971 - Audit and accounting assignments, UK
1974 - Group Internal Auditor, Sanyo Australia
1976 - Operations Analyst - Sanyo Australia
1977 - Financial Accounting Manager, Sanyo Australia
1978 - Company Secretary, Sanyo Australia
1979 - CFO, Masport Pty Ltd
1987 - CFO, Wallmac Group
1989 - Partner, Pile Partners (Accountants and Auditors)
1996 - Partner HLB Mann Judd
2000 - Principal, Head of Superannuation, Stockford Ltd
2003 - Principal, Head of Superannuation Audit and Consulting,
WHK Melbourne
2012 – Consulting Auditor, Baumgartner Superannuation

**PROFESSIONAL
ACTIVITIES:**

Chris has specialized in the audit of superannuation funds since 1987 and has built a significant practice in this field.

He is a founding Member of the Financial Advisory Services Centre of Excellence of CPA Australia and the Federal Government's Superannuation National Audit Consultative Committee.

He is a member of the AUASB Project Advisory Group on SMSFs, a member of the SMSF Audit Advisory Committee for the ATO and has authored texts and articles on superannuation and fund auditing, including authoring the Superannuation Factbook and Quickfind Super for Thomson Reuters Publications and a best-selling text on auditing SMSFs for the TEN Network.

Chris has audited in excess of 3,300 large and small superannuation funds involved with many of the major superannuation fund administration managers, annually.

Acknowledged nationally as an expert on superannuation and compliance, he is most sought after as a public speaker and media commentator on superannuation issues and presents workshops, seminars, technical sessions and key-note addresses to conferences and seminars throughout Australia on accounting and audit topics relating to superannuation. He also contributes to magazines, audio tapes and videos on superannuation and retirement planning, and wrote a monthly column on superannuation for the Melbourne Herald-Sun newspaper for several years.

He is a regular presenter for the CPA Australia, the ICAA and the TEN Network as well as corporate organisations.

APRA appointed Chris as their Expert Witness in the benchmark superannuation case SG111 of 1998 (Federal Court of SA) – “Holloway’s Case”.

Chris was elected to the Victorian Divisional Council of CPA Australia in March 1997 and was a Vice President in 2000.

In 2004, Chris was presented with the National President’s Award by CPA Australia for his significant contribution to the Australian Accounting Profession, particularly in the field of superannuation.

PRO BONO ACTIVITIES:

Chris is a former Director and Deputy Chair of Tintern Schools, one of the oldest private girls’ schools in Australia. He currently represents Tintern Schools as a Director Trustee of the Victorian Independent Schools Superannuation Fund.

He is actively involved in “not-for profits” as a member of the Oaktree Foundation Finance Committee and is Chair of the Oaktree Foundation Future Fund Investment Advisory Committee.

He is also a member of the Victorian Selection Panel of the General Sir John Monash Scholarship Foundation.

A passionate sailor, he is Secretary of the Sorrento Sailing Couta Boat Club.

CLUBS:

Athenaeum Club, Melbourne
Sorrento Sailing Couta Boat Club

Chris is married to Toby Malkin. They have two adult children.

Notice of Nomination of Auditor

Tranzact Financial Services Ltd

ABN 84 089 997 731

Date 27 September 2012

Appointment of auditors

I wish to nominate Grant Thornton Audit Pty Ltd as auditor of Tranzact Financial Services Ltd at the forthcoming annual general meeting (AGM).

I request that a copy of this nomination is sent to all persons entitled to receive notice of the AGM and Grant Thornton Audit Pty Ltd.

Signed:



Gary Scott

27 September 2012

Date