

**CIRCULAR TO ALL MEMBERS**

**No. 155/00**

**Demutualisation Proposal**

The demutualisation proposal that had been approved by Members on 22 July was also approved by the Supreme Court on 4 August.

In giving its approval, the Court also had to deal with the contention from one person who was not a (Temporary Local) Member on the cut-off date, 19 January 1999, that he should have been treated as eligible to receive demutualisation benefits.

Rather than delay approval of the demutualisation while determining whether there was any substance to this contention, the Court made orders to the following effect:

- if the person contending that he should have been treated as an eligible Temporary Local Member (notwithstanding his lack of permit at the time) wants to pursue his claim, he must bring a separate Court action within 28 days from 1 August 2000;
- to allow for the possibility that this person would both bring such an action and succeed, a nominee appointed by SFE (namely, the Company Secretary) will receive, as trustee, the same number of shares as eligible Temporary Local Members, i.e. the 5.6% of shares approved by members for distribution to Temporary Local Members will now be divided into 155 rather than 154, with each person receiving 39,424 shares on the change of type of company. The 155<sup>th</sup> portion would be distributed to the 154 eligible Members (256 shares each) if the person contending that they should also be treated as eligible either does not bring the separate Court action within the required time or fails to satisfy the Court of his case for inclusion;
- the Court orders explicitly remove any scope for others to bring similar actions; and
- the allocations of Members of other classes is not affected by this development.

The final step now is for the Australian Securities and Investments Commission to arrange public notification (in the Gazette) of the proposed change of company type. Unless there is an order of the Court or the Administrative Appeals Tribunal that prevents ASIC from doing so, ASIC will alter the details of SFE's registration one month after the publication of the notice in the Gazette.

By operation of law, SFE shares will be taken to be issued to eligible Members on that date. We anticipate that this will occur on or very close to the target date of 11 September 2000.

**Malcolm Starr**  
**General Counsel**

**7 August 2000**