

Capricorn Society Limited & Capricorn Mutual Limited Joint announcement

Today Capricorn Mutual Limited (ABN 24 104 601 194) (**CML**) entered an agreement with Capricorn Society Limited (ACN 008 347 313) (**CSL**). Under the agreement, the parties propose to implement a members' Scheme of Arrangement under the *Corporations Act 2001*, under which, and subject to member and Court approval: -

- (a) CML will be converted from a company limited by guarantee to a proprietary limited company;
- (b) the current liability of each member of CML (as a company limited by guarantee) is extinguished;
- (c) the members of CML will cease to be members of CML. No member will receive any payment or other consideration for giving up membership;
- (d) shares will be issued in CML to CSL and CML will become a wholly owned subsidiary of CSL;
- (e) CML's debts to CSL will be forgiven as consideration for the issue of the shares; and
- (f) CSL will be the sole shareholder of CML.

All members of CML will have a say in whether or not to approve the proposed Scheme. All members will receive detailed further information to enable a complete assessment of the proposal, and notice of the necessary member meetings, in the coming months. At present, it is likely that the meetings will be held early in 2012.

The proposed Scheme must also be supported by ASIC and approved by the Court before it can be implemented.

There is no change to the protections offered by CML as a result of entering the Scheme Agreement.

Under the Scheme Agreement CSL intends to continue to offer protections and undertake any other activities authorised under the Australian Financial Services Licence No. 230038 or equivalent if the Scheme is implemented. A new PDS will be issued if the Scheme is implemented.



Mr Colin Heavyside
CSL Chairman



Mr Michael McLeod
CML Chairman

Dated 8 September 2011
