

# ASX ANNOUNCEMENT

17 November 2017

## Chairman's Letter to Shareholders

Collection House Limited (ASX: CLH) has today circulated the attached letter to shareholders in response to a letter recently circulated to shareholders by Lev Mizikovsky regarding the company's capitalised computer software development costs.

The CLH Annual General Meeting will be held on 28 November 2017, commencing from 11am at the Emporium Hotel, 1000 Ann Street, Fortitude Valley, Brisbane.

ENDS

*For more information please contact:*

Kristine May, Company Secretary  
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MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

17 November 2017

Dear Fellow Collection House Shareholder,

Your board notes that a letter recently sent to shareholders from Lev Mizikovsky contains a number of assertions regarding the company's capitalised computer software development costs that are inaccurate.

The facts are:

1. The company's capitalised computer software development costs have been correctly recorded and disclosed in the financial statements in accordance with applicable Accounting Standards.
2. The company's proper accounting treatment and disclosure of capitalised computer software development costs has been independently confirmed as correct and compliant with the relevant Accounting Standards by the company's previous auditor, the company's current auditor, KPMG, the company's CEO and CFO, as well as all directors of the company and has been the subject of an independent forensic analysis by Ernst & Young ('EY'), who have confirmed that the relevant Accounting Standards have been met. On the other hand, Mr Mizikovsky has not offered any independent report which supports his position.
3. Mr Mizikovsky alleges that the reports obtained by the board serve only to protect the interests of the board. That is not correct. By a letter dated 19 April 2017 from the lawyers for Ankla Pty Ltd and Mr Mizikovsky, they required that an independent forensic accountant who had experience in valuing software businesses and/or software products (excluding the current auditors) be appointed by the company without delay to investigate these matters. The company obtained the EY report at the express insistence of Mr Mizikovsky. Mr Mizikovsky now complains about the EY report and its cost, notwithstanding that he is the reason for them.
4. A copy of the EY report has been available to all shareholders and read by a number of shareholders since 27 September 2017. Shareholders wishing to read the report may readily do so by contacting the company secretary on (07) 3292 1015 or by email [kristine.may@collectionhouse.com.au](mailto:kristine.may@collectionhouse.com.au). Copies of the report will be available for shareholders to read at the AGM on 28 November 2017.
5. In the interests of sound governance and for completeness, a copy of the EY report was provided to ASIC on 24 July 2017. ASIC have not corresponded with Collection House, nor with KPMG nor with EY on this matter.

## Collection House Group

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6. The capitalised computer software developments costs cannot be written off simply because Mr Mizikovsky would like that to happen. As evidenced by the EY report, the company cannot write off the capitalised computer software development costs as proposed by Mr Mizikovsky as that outcome is not permitted by the Accounting Standards. Any failure to return Kerry Daly, and any removal of Philip Hennessy, as directors of the company will not change that.

7. The company's computer software is integral to the effectiveness and efficiency of our business operations and, along with our 583 people who use the software every day, is our durable competitive edge in the collections industry.

8. The company's computer software services the day to day collection needs of some of Australia's largest corporations and government bodies, including the major banks, major insurance companies, power utilities and telephone companies and many other credit providers in a variety of industries.

Your vote is important and if you have not yet voted then you may do so now by either:

**By Mail:** mail your signed proxy voting form to -

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

**By Fax:** fax your signed proxy voting form to -

(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

**Online:** vote online - [www.investorvote.com.au](http://www.investorvote.com.au)

**Step 1:** Enter the control number for this AGM (181169 for Chess holdings and 131169 for Issuer holdings) to enter your vote online.

**Step 2:** From here you will be directed to the voting site, where you will need to enter your SRN/HIN and postcode. Your SRN/HIN can be found on the front page of the proxy form that has been sent to you.

**Step 3:** Once you have entered this information, you will be directed to the voting page where you are able to cast and submit your votes for each resolution proposed at the AGM.

Alternatively, you can vote in person by attending the AGM on Tuesday 28 November 2017 commencing from 11am at the Emporium Hotel, 1000 Ann Street, Fortitude Valley, Brisbane.

Meanwhile I can be contacted on 1300 662 537 should you wish to discuss any aspect of this matter prior to the AGM.

Yours faithfully



Kerry Daly  
Chairman

## Collection House Group - Overview



Debt collection and receivables management for third parties



Debt purchasing and recovery



Legal services including insolvency administration



Tailored debt collection services, specialising in Local Government



Nationally recognised training provider in financial services and leadership



Customer service outsourcing for third parties



Licensed specialist finance broker for the provision of credit



Provision of financial hardship services for third parties

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