



17 April 2015

The Manager  
ASX Market Announcements  
Australian Securities Exchange Limited  
Sydney NSW 2000

By e-lodgement

**ENTITLEMENT OFFER - CLEANSING NOTICE UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001**

This notice is given by Asia Pacific Digital Limited ACN 000 386 685 (**ASX : DIG**) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**).

On 8 April 2015 the Company announced a non-renounceable pro-rata rights issue of up to approximately 4,250,895 fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.425 per New Share on the basis of 1 New Share for every 20 existing Shares to raise up to approximately \$1.8 million (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Wentworth Financial Pty Ltd, a related party of the Company and trustee of a family trust associated with its Chairman, Roger Sharp (**Underwriter**).

The Company will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the Act as notionally modified by ASIC Class Order 08/35 (**CO 08/35**).

For the purposes of section 708AA(7) of the Act, the Company advises that:

- 1 the New Shares will be offered for issue without disclosure under Part 6D.2 of the Act as notionally modified by CO 08/35;
- 2 this notice is being given under section 708AA(2)(f) of the Act as notionally modified by CO 08/35;
- 3 as at the date of this notice, the Company has complied with:
  - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
  - (b) section 674 of the Act;
- 4 as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act that is required to be disclosed by the Company under section 708AA(7)(d) of the Act as notionally modified by CO 08/35; and

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- 5 the potential effect the issue of the New Shares will have on the control of the Company, and the consequences of that effect, is dependent on the extent to which eligible shareholders take up their entitlement for New Shares and whether or not they subscribe for additional New Shares under the shortfall facility. Given the structure of the Entitlement Offer as a fully underwritten pro-rata offer with a shortfall facility, the potential effect that the issue of New Shares will have on the control of the Company is as follows:
- (a) if all Eligible Shareholders take up their Entitlements to New Shares under the Entitlement Offer, then each Eligible Shareholders' percentage holding in the Company will remain and the Entitlement Offer will not have a significant effect on the control of the Company;
  - (b) to the extent that a Shareholder does not or is not eligible to take up their entitlement under the Entitlement Offer, that Shareholder's percentage holding in the Company will be diluted; and
  - (c) if none of the Eligible Shareholders take up their Entitlements for New Shares, all of the Shortfall Shares will be subscribed for by the Underwriter under the Underwriting Agreement. The Underwriter is an associate of the Company's majority shareholders, the Co-Investor No. 1 Fund and the Co-Investor No. 3 PIPE Fund (Co-Investor Funds). If none of the New Shares were taken up by Eligible Shareholders, then the Underwriter will be required to subscribe for all of the 4,250,895 New Shares. If this occurs, the Underwriter will increase its direct percentage holding to 4.7% (up from 0.1%) and the total relevant interest of the Co-Investor Funds will increase from 72.4% to 73.7% (see table below).

Substantial shareholder and its associates	As at Record Date		After completion of Entitlement Offer*	
	Number of Shares held	Percentage of voting power**	Number of Shares held	Percentage of voting power**
North Ridge Partners as trustee of the Co-Investor No. 1 Fund	3,513,466	4.1%	3,513,466	3.9%
Valuestream as trustee of the Co-Investor No. 3 PIPE Fund	54,082,797	63.6%	54,082,797	60.6%
North Ridge Partners	5,000	0.0%	5,000	0.0%
Christine Catherine Sharp	3,220,425	3.8%	3,220,425	3.6%
Pyvis Nominees Pty Ltd as trustee of the Pyvis Trust	641,296	0.8%	641,296	0.7%
Wentworth Financial Pty Ltd as trustee of the Wentworth Trust (Underwriter)	53,822	0.1%	4,304,717	4.8%
<b>Total</b>	<b>61,516,806</b>	<b>72.4%</b>	<b>65,767,701</b>	<b>73.7%</b>

(\*) on the assumption that none of the eligible shareholders takes up any of the New Shares and that all shortfall shares (i.e. 4,250,895 shares) are subscribed for by the Underwriter.

(\*\*) rounded to one decimal point.

Yours faithfully



Campbell Nicholas  
Company Secretary