



5 March 2010

Australian Stock Exchange  
20 Bridge Street  
SYDNEY, NSW 2000

By Email

## **NEXBIS COMPLETES CAPITAL RAISING, ANNOUNCES STRATEGIC INVESTMENTS IN VIRTUAL AND PHYSICAL SECURITY SOLUTION PROVIDERS**

### **Highlights**

- **Nexbis has secured a \$9.7 million capital raising**
- **Announces strategic investments in 2 security sector companies**
- **Acquisition of 50.08% interest in TrustDefender, a virtual security company with a blue chip, international client base**
- **3-year convertible note investment in UKI Asia Pacific (convertible to up to 16.66% of the issued share capital), product authentication and physical security specialists, also with a strong blue chip, international client base**
- **Mutually complementary product offerings and customer focus**
- **The investments are expected to be long-term accretive EPS for shareholders**
- **Continued confidence in strength of existing Nexbis pipeline**

Security solution provider, Nexbis Limited (ASX: NBS), today announced

- an institutional capital raising of A\$9.7 million. Clear funds are due to be paid by 9 March 2010;
- a subscription for a 50.08% interest in virtual security provider TrustDefender, subject to the satisfaction of some conditions; and
- a subscription for convertible note in product authentication and physical security specialists, UKI (Asia Pacific) Pty Ltd, subject to the satisfaction of some conditions, (convertible to up to 16.66% of the issued share capital).

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Nexbis CEO, Johann Young, said that the transactions provide Nexbis with new capabilities and services, additional revenue diversification and added growth capability.

“Nexbis is now positioned to provide an expanded range of services which will enable it to deliver more comprehensive security solution projects, delivering greater value for our clients, and for Nexbis. In addition, we have significantly strengthened our capability of securing important shorter sales cycle projects with both blue chip commercial, as well as government clients, across a broader range of markets, particularly Europe and North America” Mr Young said.

“These investments, combined with our continued solid balance sheet strength and extremely encouraging pipeline, will provide us with an even greater capacity to deliver long-term, sustainable revenue for our shareholders.”

### **Placement and Share Purchase Plan**

The Company has successfully completed a placement of 64.9 million shares to sophisticated and institutional investors at a fixed issue price of \$0.15, which represents a discount of approximately 11.8% on the ASX trading price on the ASX immediately prior to going into the trading halt on 3 March 2010.

In addition, the Board is pleased to announce its intention to implement a Share Purchase Plan (**SPP**) for ordinary shareholders in order to minimise any dilution effect on existing retail shareholders. The offer price for each NBS share under the SPP will be \$0.15 – identical to the institutional offer. The SPP will provide eligible ordinary shareholders on the register at 7.00pm (AEDT) on 3 March 2010 with the opportunity, without incurring brokerage or other transaction costs, to subscribe for up to \$15,000 of Nexbis ordinary shares (subject to Nexbis obtaining relevant waivers from the ASX). The amount an eligible shareholder can subscribe for will be restricted to a cumulative total of \$15,000. The SPP will be capped at \$7.5 million and NBS will scale back applications if they exceed this cap.

The directors hope to make an announcement early next week providing further details on the SPP after it obtains the necessary ASX waivers.

Nexbis CEO, Johann Young said there was strong Australian and International institutional investor support for the Company and the capital raising which was substantially oversubscribed, including strong demand from the majority of existing large shareholders. “We are delighted with the response which reflects a significant endorsement for the security solution market and the Company’s

strategies to fast track development of our virtual and physical security capabilities,” Mr Young said.

The investments will be funded from the proceeds of the institutional placement and positive cash flow from the existing business operations.

## **TrustDefender**

Nexbis has entered into a binding agreement to subscribe for 50.08% of issued capital in TrustDefender(TD), subject to conditions precedent .

### Deal summary

- Nexbis to invest \$16M for a 50.08% stake which is to be fully issued up front;
- \$2M upon initial completion and thereafter, \$2M at end of every 3 month period over the next 21 months ;
- TrustDefender is already generating revenue, expect contribution in early FY11
- Nexbis to have 2 board seats and TrustDefender founders to have 2 board seats;
- Mr. Simon Duffy to be appointed as independent chairman of TD; and
- TrustDefender to use funds to enable expansion and development.

TrustDefender is an established Australian-based research and development company delivering online transactional security solutions to a blue-chip client base across a wide-range of countries. Providing a unique solution in the market, TrustDefender offers real-time, forensic security and authentication between end-users and institutions, which complements existing verification and authentication processes.

Nexbis CEO Johann Young stated, “With a focus on Financial Institutions and online banking, TrustDefender is the extra layer that secures the end-to-end authentication process. Our partnership with TrustDefender means we can now provide a unique, proprietary virtual security solution to meet our customers’ needs which will complement their existing verification or authentication procedures, as well as securing new markets for both Nexbis and TrustDefender.”

TrustDefender has a number of existing Tier 3 Financial Institution contracts in multiple jurisdictions and has recently been awarded a Tier 1 Financial Institution long term contract in the United Kingdom. They have also won competitive

tenders to supply services to a Tier 1 institution in Europe and another Tier 1 institution in the Asia-Pacific region, both of which are currently in the pilot stage and are expected to generate significant recurring revenue when the pilot phase is completed and the projects move into full commercial roll out.

In addition to a diversified, recurring revenue stream, and enhancement of both companies' commercial sales capabilities, Nexbis expects a number of benefits to arise from the strategic alignment including

- Development of a mobile application of the TrustDefender solution using existing Nexbis expertise; and
- Providing a unique offering to counter credit card fraud using a Nexcode solution.

It is the opinion of the Board that TrustDefender will be deemed to be an Associated Company with their results to be equity accounted (but not consolidated.) The final accounting treatment will be subject to confirmation by the Company's Auditor.

### **UKI (Asia Pacific) Pty Ltd**

Nexbis has entered into a 3-year convertible note agreement with right of conversion for up to 16.66% of UKI, subject to conditions precedent to be completed by 31 March 2010:

#### Deal summary

- Nexbis to invest \$15M, in the form of a convertible note;
- The convertible note attracts a coupon rate of 12% p.a. over a three year term;
- UKI is already generating revenue, expect contribution in early FY11;
- Nexbis has the right to convert its note into up to 16.66% of the company, conversion available on a quarterly basis after the first 12 months; and
- UKI board to be restructured post-subscription.

UKI is a provider of market leading Product Authentication, Track & Trace and Supply Chain management solutions to:

- Brand Owners
- Manufacturers
- Government Agencies

The product authentication and anti-counterfeiting sector is expanding rapidly with annual global revenue losses to counterfeiting estimated at US\$700 billion. UKI solutions address a diverse range of different forms of counterfeit, pirated & non-compliant products for a range of blue chip clients across geographic sectors. Offering unique technical advantages, UKI provides molecular and forensic markers which can be applied to almost any raw material without disrupting the product or packaging production process. These markers provide improved brand protection and supply chain management with visible through to forensic applications which can be rapidly deployed into customers' existing manufacturing and distribution process.

The UKI transaction will deliver an important diversification of revenues, product offering and geographic reach. Nexbis also expects a number of additional benefits to arise from the partnership including:

- Enhancing current offering to National ID, border control and document security to include physical molecular marker security solutions;
- Providing shorter sales cycle entry into government agencies; and
- Utilisation of existing Nexbis expertise for industry-specific applications.

All investor relations enquiries should be directed to David Mair or Liza-Jayne Loch of Republic Consulting on 02 9640 0905.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Peter Dykes', with a stylized 'P' and 'D'.

Peter Dykes  
Director