



## ASX RELEASE

### Update on Entitlements Offer

**Perth, 19 August 2011:** VDM Group Ltd (ASX:VMG, VDM or the Company) wishes to advise that its Board of Directors have revised certain key terms of its Entitlements Offer, including the indicative timetable and minimum equity requirements.

The Entitlements Offer in its original form received solid support from institutional shareholders and clients of Patersons Securities Limited (Patersons) and achieved a final result that was close to, but did not reach, the minimum prescribed level of \$32 million.

VDM's forecast cash position has steadily improved since the Prospectus was lodged on 8 July 2011 as restructuring initiatives, particularly those relating to cost reduction, have already had a meaningful and positive impact on cash flows.

As a result of this improvement, VDM's lenders indicatively support a reduced minimum equity raising and discussions are ongoing with the various stakeholders as to what this level might be.

Against the backdrop of an improved financial performance and reduced equity requirements, VDM's Board of Directors has, subject to ASX approval, resolved to enhance and extend the Entitlements Offer (Revised Offer). The Board remains of the view that an equity raising and reducing senior bank debt are important steps in the Company's path to profitability.

Subject to ASX approval, full details of the Revised Offer will be contained within a Supplementary Prospectus, to be lodged with ASIC and ASX in due course.

The original Entitlements Offer attracted support of Patersons, its clients and several cornerstone institutional investors. The Company is working collaboratively with Patersons and these institutional investors to secure their support for the Revised Offer.

The Company has requested its shares remain suspended until the Revised Offer is completed.

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**For further information, please contact:**

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