



FACILITATE DIGITAL HOLDINGS LIMITED
ABN 84 093 823 253

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Facilitate Digital Holdings Limited (the Company) will be held at 12:00pm on Friday 1 February 2013 at the office of the Company at level 6, 241 Commonwealth Street, Surry Hills, NSW, 2010.

This notice should be read in conjunction with the accompanying Explanatory Statement. A proxy form accompanies this notice.

ITEM FOR APPROVAL

Delisting of the Company

To consider and, if thought fit, to pass as an ordinary resolution:

“That for the purpose of ASX Listing Rule 17.11 and for all other purposes, the Company be removed from the official list of the ASX on a date to be decided by the ASX and that the directors of the Company be authorised to do all things reasonably necessary to give effect to the delisting of the Company from the ASX.”

DATED: 17 DECEMBER 2012
BY ORDER OF THE BOARD
FACILITATE DIGITAL HOLDINGS LIMITED

A handwritten signature in black ink that reads "Jim Story".

Jim Story
Company Secretary

Notes

1. Proxies

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the EGM.

If you are entitled to cast two or more votes, you may nominate one or two persons to vote on your behalf at the EGM. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. Fractions of votes resulting from the appointment of proxies will be disregarded. If no such number or proportion is specified, each proxy may exercise half your votes. A proxy form and a reply paid envelope have been included for members with the notice of meeting. Proxy voting instructions are provided on the back of the proxy form.

A proxy need not be a holder of Facilitate Digital Holdings Limited shares. If you wish to direct a proxy how to vote on any resolution, place a mark (e.g. a cross) in the appropriate box on the proxy form and your votes may only be exercised in that manner. You may split your voting direction by inserting the number of shares or percentage of shares that you wish to vote in the appropriate box.

2. Proxy Delivery

Proxies given by post, fax or delivery must be received by Facilitate Digital Holdings Limited's share registry, Link Market Services Limited by no later than **12.00 pm (Sydney time) on 30 January 2013 being 48 hours before the EGM:**

Online: Go to www.linkmarketservices.com.au (see proxy form for instructions)

By post: Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By facsimile: In Australia (02) 9287 0309
From outside Australia +61 2 9287 0309

By delivery: Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Any revocations of proxies must be received at one of these places before the commencement of the meeting, or at the registration desk for the meeting from **12:00 pm** on the day of the meeting until the commencement of the meeting.

3. Power of Attorney

If a member has appointed an attorney to attend and vote at the meeting, or if the proxy is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must be received by Facilitate Digital Holdings Limited's share registry, **Link Market Services Limited, at the address or fax number in 2. above, by no later than 12.00 pm (Sydney time) on 30 January 2013 being 48 hours before the EGM**, unless the power of attorney has been previously lodged with Facilitate Digital Holdings Limited's share registry for notation and has not expired or otherwise been revoked.

4. Corporate Representatives

If a corporate member wishes to appoint a person to act as its representative at the meetings, that person should be provided with a letter or certificate authorising him or her as the company's representative (executed in accordance with its constitution) or with a copy of the resolution appointing the representative, certified by a secretary or director of the company. A form of certificate may be obtained from the Company's share registry.

5. Members Eligible to Vote

In accordance with Reg. 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at **12:00pm (Sydney time) on 30 January 2013** will be entitled to attend and vote at the Meeting as a shareholder.

6. Voting at the Meeting

An ordinary resolution will be passed where more than 50% of the eligible votes cast are in favour of it.

EXPLANATORY STATEMENT

Information included in this Explanatory Statement is intended to assist with your consideration of the ordinary business proposed at the Company's Extraordinary General Meeting ("EGM").

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required for them to decide how to vote on the resolution. The Directors recommend that Shareholders read this Explanatory Statement before determining whether or not to support the Resolution.

DELISTING OF THE COMPANY

On 19 November 2012, the Company made an application to ASX, under Listing Rule 17.11, to be removed from the official list of ASX (**Delisting Application**). On 27 November 2012 the ASX granted approval to the Delisting Application subject to the following conditions:

- (a) the request for removal of the Company from the Official List be approved by an ordinary resolution of ordinary shareholders of the Company;
- (b) a notice of general meeting seeking shareholder approval to remove the Company from the official list of ASX must include a statement to the effect that the removal will take place no earlier than one month after the date on which the resolution to approve the removal is passed; and
- (c) the Company releases the full terms of the ASX decision in relation to the Delisting Application to the market immediately upon the directors resolving to seek removal of the Company from the official list of ASX.

As required by the conditions of the ASX approval:

1. Shareholder approval of the removal is sought at this EGM;
2. The removal date will be determined by ASX but, if approved by shareholders, will be on or after 5:00 pm (Sydney time) on 1 March 2013, being a date no earlier than one month after shareholder approval; and
3. The terms of the ASX approval were released to the market on 28 November 2012.

Rationale for Delisting

The Board of the Company has determined that the delisting of the Company from the ASX is in the best interests of all shareholders. The primary reasons noted by the board are as follows:

- The limited liquidity in the stock of the company;
- A lack of fair value in the company's market capitalisation;
- The current structure is a disincentive to corporate discussions;
- The relatively high cost of the listing.

Greater detail in relation to the rationale is set out below:

1. Low level of liquidity

The Company's shares have had a low level of liquidity with long periods of little or no trading in recent years. In the 12 month period ending 30 November 2012 only approximately 4.1% of the Company's shares were traded (an average of less than 0.34% per month). The top 20 shareholders of the Company currently hold approximately 80% of the shares on issue, and there has been little change in this position over the last few years.

As at 30 November 2012, the Company had 480 shareholders, of whom 263 (approximately 55% of all shareholders) held unmarketable parcels. These shareholders collectively hold a total of approximately 1,834,751 shares representing approximately 1.32% of the 139,352,284 shares on issue.

This limited liquidity has in recent times seen the sale of very small volumes of shares having a significant negative impact on the market capitalisation of the company.

2. Lack of fair value

The board believes that the current market capitalisation does not represent fair value given the Company's current situation and future prospects. Indeed on the basis of like businesses globally, the Company believes the current capitalisation grossly understates the Company's value.

The Company commented on future developments, prospects and business strategies in the 2012 annual report and Appendix 4E. In particular, the Company has referenced the increasing adoption of its Symphony workflow platform amongst agencies in key markets around the world.

Subsequent to those announcements, the company has implemented the Symphony technology in markets including Australia, the United States, China, Germany and France. The board retains optimism for the Company's prospects based on the known pipeline of deployments through to the conclusion of FY 2014.

The Company has continued to invest extensively in R & D to further enhance its product suite and maintain leadership as a provider of digital workflow and trading solutions. The directors believe that continued investment in innovation is critical to maintenance of this leadership position.

In addition the Company has advanced plans to extend the capabilities of the Symphony technology to stakeholders other than media agencies and advertisers. The Company believes that these developments will create a number of significant additional revenue opportunities for the business.

The cash balance at 30 September 2012 was \$369,000 and the Company has subsequently received a \$1.06m R&D Tax Incentive payment. In addition a \$900,000 overdraft has been established for use by the company, if required. The Company has previously announced that increased Symphony revenues and cost management should see a reduction in negative cash flows in the third quarter of FY 2013. The Directors believe the Company is in a stable financial position to continue to grow its current operations.

3. The listing has acted as a disadvantage in corporate negotiations

In 2011, the Company announced that it was having various corporate discussions with global players with the objective of delivering greater scale to our business. Corporate advisers were engaged to assist with these discussions. Although this process generated considerable interest which still continues, there is nothing definitive at this point to report from the discussions. In a number of instances however, the Company's listed structure is believed to have been an impediment to discussions progressing. Taken with a lack of fair value as a listed entity, the Company's listing on ASX has therefore been a significant competitive disadvantage, when compared to an unlisted company, when attempting to negotiate strategic transactions.

4. Cost of retaining the listing

The Company's management and Board are continually evaluating and implementing measures to rationalise costs. There are significant direct and indirect costs attributable to the listing. The Company estimates the costs directly attributable to the listing to be not less than \$125,000 per annum in the first full year with additional savings in future years. In addition, there are significant indirect costs associated with the listing, including the need to devote management time attending to listing related matters. In view of the limited market for the Company's shares, the Company considers that these costs are not warranted and funds would be better directed elsewhere.

Disadvantages of Delisting

The Board has considered the potential disadvantages associated with delisting and in particular:

- (a) the delisting will directly impact what liquidity that may have otherwise been available to shareholders as the Company's shares will no longer be capable of being traded on the ASX; and

(b) if the Company is delisted, the ASX Listing Rules will no longer apply to it. In particular, shareholders will forgo the protections contained in the ASX Listing Rules in respect of:

- continuous disclosure;
- restrictions on the issuance of shares such as the inability to issue over 15% of the Company's capital in a twelve month period without shareholder approval, a pro-rata offer or other exceptions applying;
- making significant changes to the Company's activities;
- ASX Corporate Governance Principles and Recommendations; and
- the requirement to announce publicly the Company's half yearly reports and quarterly cash flow reports.

Notwithstanding the above the Company is committed to proper corporate governance as an unlisted entity.

Effect of Delisting

If shareholders approve the proposed delisting, the Company will be removed from the official list on a date to be decided by the ASX (**Removal Date**). This Removal Date will be no earlier than one month after the date such shareholder approval is obtained. After notification by ASX of the Removal Date, the Company will release a timetable of the indicative dates for the delisting process.

Before the Removal Date, the shares may continue to be traded on the ASX. This will provide shareholders who wish to sell their shares not less than one month from the date of the extraordinary general meeting to seek to trade their shares on ASX prior to the Removal Date should they not wish to remain shareholders in the Company.

Shareholders who remain on the Company's register after the Removal Date retain the protections afforded to them under the Corporations Act and the Company's constitution, whether or not the Company remains listed on the ASX. In particular, the Company will continue to have in excess of 50 shareholders, which will ensure that rules relevant to public companies, including with respect to capital raising and takeovers, continue to apply to the Company. Further, whilst the Company has in excess of 100 shareholders, it may be classified as an "unlisted disclosing entity" and shares in the Company may be classified as unlisted "enhanced disclosure securities", as defined in Section 111AL(2) and Section 111AD of Corporations Act. This would require the Company to disclose material information in a timely fashion to ASIC, but there is no obligation to post such information onto its website or inform shareholders by mail.

Exit mechanism

If shareholders approve the delisting, there will be no other market facilities which will replace the Company's ASX listing. However, shareholders will continue to be entitled to sell/transfer their shares off-market to a willing third party purchaser in accordance with the Company's constitution both before and after the removal date.

The Company will not operate a market in the shares of the Company and there will not be a readily available indicator of a 'market price' for shares in the Company. As such, any third party market would not be expected to be liquid and shareholders will be responsible for sourcing potential purchasers.

However, given the illiquidity in the stock, the tightly held nature of the register, and the large number of shareholders with unmarketable parcels, the Company considers that in practical terms the most likely exit for the bulk of shareholders will be through an acquisition of the Company or a trade sale. The Company considers that the best chance of working towards and achieving this goal would be as an unlisted company.

Board Recommendation

The Board recommends that shareholders vote in favour of this resolution.