



ASIA PACIFIC DIGITAL LIMITED
ABN 30 000 386 685

NON-RENOUNCEABLE PRO RATA RIGHTS ISSUE OFFER DOCUMENT

For a non-renounceable pro-rata rights issue for up to approximately 4,250,895 new fully paid ordinary shares in Asia Pacific Digital Limited (New Shares) at an issue price of \$0.425 per New Share on the basis of 1 New Share for every 20 existing Shares held on the Record Date to raise up to approximately \$1.8 million (**Entitlement Offer**).

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

This Offer Document is important and requires your immediate attention.

It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Document.

**This Entitlement Offer opens on 21 April 2015 and closes at on 30 April 2015.
Valid acceptances must be received before the Entitlement Offer closes.**

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your entitlement.

Important Information

This Offer Document is issued pursuant to section 708AA of the *Corporations Act 2001 (Cth) (Corporations Act)* for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document has been prepared by Asia Pacific Digital Limited (ACN 000 386 685) and was lodged with ASX on 21 April 2015. ASX takes no responsibility for the content of this Offer Document.

Not a prospectus

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

No authorisation

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Entitlement Offer.

No investment advice

The information provided in this Offer Document and the accompanying Entitlement and Acceptance Form is not financial product advice and has been prepared without taking into account each Eligible Shareholder's investment objectives, financial circumstances or particular needs. The information contained in this Offer Document and the accompanying Entitlement and Acceptance Form should not be considered to be comprehensive or to comprise all the information which an Eligible Shareholder may require in order to determine whether or not to subscribe for New Shares. If an Eligible Shareholder has any questions it should consult its professional adviser before deciding whether or not to accept all or any part of its Entitlement.

Applications for New Shares

Applications for New Shares by Eligible Shareholders can only be made on an **original** Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Entitlement Offer.

Overseas shareholders

No offer of New Shares under this Offer Document is being made to Shareholders with a registered address in a jurisdiction other than Australia or New Zealand. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand is restricted by law and persons outside of Australia and New Zealand should observe such restrictions.

Any application for New Shares from a Shareholder with a registered address in a jurisdiction other than Australia and New Zealand will not be accepted.

This Offer Document does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Offer Document.

1 Details of the Entitlement Offer

1.1 Overview

The Entitlement Offer is a fully underwritten non-renounceable pro-rata rights issue of up to approximately 4,250,895 New Shares at an issue price of \$0.425 per New Share to raise up to approximately \$1.8 million (before offer costs). The Entitlement Offer is made to Shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**).

The proceeds of the Entitlement Offer will be used by the Company to provide expansion working capital for the group and reduce balances of existing long term working capital loan facilities. Further detail is set out in **Section 1.12** below.

Eligible Shareholders who are on APD's share register on the Record Date are entitled to acquire 1 New Share in for every 20 existing Shares held by them on the Record Date (**Entitlement**). Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The issue price of \$0.425 per New Share is equivalent to the price of shares issued under the Company's recent equity placement and represents a premium of 6% to the last traded price of APD shares before the Entitlement Offer was announced (being \$0.40 on 7 April 2015).

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of.

A personalised Entitlement and Acceptance Form setting out your Entitlement accompanies this Offer Document. Eligible Shareholders may subscribe for all or part of their Entitlements.

Eligible Shareholders who do not take up all of their Entitlements will have their percentage shareholding in APD diluted.

This Offer Document is also for the offer of Shortfall Shares to Eligible Shareholders. Refer to **Section 1.3** for further information and details of the Shortfall Facility.

1.2 Underwriting

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

The Underwriter has agreed to fully underwrite the Entitlement Offer on the terms set out in the Underwriting Agreement between the Company and the Underwriter dated on or about 20 April 2015.

The material terms of the Underwriting Agreement are briefly summarised below:

- a) The obligation of the Underwriter to underwrite the Entitlements Offer is subject to certain termination events. The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of certain events. A summary of these events is set out in Section 4.
- b) The Underwriter will receive an underwriting fee of 5% (being approximately \$90,000) of the total number of New Shares offered under the Entitlement Offer multiplied by the issue price of \$0.425 per New Share (excluding GST).
- c) The Underwriter is entitled to reimbursement of all reasonable costs and expenses.
- d) APD has agreed to indemnify the Underwriter against its losses in connection with the Entitlement Offer.
- e) The Underwriting Agreement also provides that the Underwriter may appoint sub-underwriters.

- f) The Underwriting Agreement also contains a number of indemnities, representations and warranties given by the Company to the Underwriter that are standard for an agreement of this type.

1.3 Shortfall Facility - additional New Shares

In addition to being able to apply for New Shares, Eligible Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for additional New Shares that are not subscribed for in the Entitlement Offer (**Shortfall Shares**) (up to a maximum number of New Shares so that the aggregate of their Entitlement under the Entitlement Offer and the number of Shortfall Shares subscribed for does not exceed 5% of the total number of New Shares to be issued under the Entitlement Offer).

New Shares offered under the Entitlement Offer that are not applied for by Eligible Shareholders under their Entitlement will form the shortfall (**Shortfall**) that will be dealt with firstly in accordance with the Shortfall Facility and then in accordance with the Underwriting Agreement. See **Section 1.2** for further details of the Underwriting Agreement.

Eligible Shareholders may only make an application for Shortfall Shares if they accept their full entitlement to New Shares under the Entitlement Offer.

Shortfall Shares will only be issued if the New Shares under the Entitlement Offer are not taken up in full. If the Company receives applications for Shortfall Shares that would result in the Entitlement Offer being oversubscribed, the Company will not accept any oversubscriptions and will scale back applications received for Shortfall Shares on a pro-rata basis having regard to the number of Shortfall Shares applied for by each Eligible Shareholder.

In the event of an application for Shortfall Shares not being accepted, including because of a scale back, the application monies received for an unsuccessful application for Shortfall Shares (or the applicable portion if the application is partly successful) will be refunded to the applicant, without interest, as soon as practicable.

No Shortfall Shares will be issued to an applicant if to do so would, to the extent of the knowledge of the Company, result in a breach of the ASX Listing Rules or the restrictions on obtaining or increasing relevant interests of greater than 20% of the Company's issued voting shares under Chapter 6 of the Corporations Act or would otherwise be contrary to the Corporations Act or the ASX Listing Rules.

1.4 Dilution and effect on the control of the Company

The potential effect the issue of the New Shares under the Entitlement Offer 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 Shareholder's 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).

Given no nominee has been appointed for foreign Shareholders under section 615 of the Corporations Act, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement and Shortfall Shares, it must have regard to the takeover prohibition in section 606 of the Corporations Act. No person will be issued New Shares if such issue would result in their voting power in the Company increasing beyond the thresholds set out in the takeover prohibition in section 606 of the Corporations Act unless that person can rely on any other exception to the takeover prohibition set out in section 611 of the Corporations Act.

The following table sets out the maximum effect of the issue of New Shares on the direct percentage holding in the Company of the Underwriter and its associates (including the Co-Investor Funds, the Company's majority shareholder). The table sets out the relevant shareholdings as at the Record Date and after completion of the Entitlement Offer, assuming that none of the Eligible Shareholders take up any of their Entitlements in the Entitlement Offer and the Shortfall Facility and hence, the Underwriter subscribes for all of the 4,250,895 New Shares.

Controlling 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 Pty Ltd	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%
Total	61,516,806	72.4%	65,767,701	73.7%

(*) 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.

1.5 Eligibility of Shareholders

The Entitlement Offer is being made to all Eligible Shareholders. Eligible Shareholders are Shareholders on the Record Date who:

- a) have a registered address on the APD share register in Australia or New Zealand;
- b) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

Directors and other related parties who are Eligible Shareholders may participate in the Entitlement Offer. However, Directors and other related parties are not eligible to participate in the Shortfall Offer without the prior approval of Shareholders.

1.6 Excluded Shareholders

The Company will not make an Entitlement Offer to Shareholders with a registered address outside Australia or New Zealand as at the Record Date (**Excluded Shareholders**). The Company has decided that it is unreasonable to extend the Entitlement Offer to Excluded Shareholders having regard to:

- a) the number of Shareholders outside Australia and New Zealand;
- b) the number and value of New Shares that would be offered to Shareholders outside of Australia and New Zealand; and
- c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

Accordingly, the Entitlement Offer will not be extended to Excluded Shareholders.

1.7 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares.

1.8 Allotment and ASX trading

The Company has applied for quotation of the New Shares on ASX. If ASX does not grant quotation of the New Shares, the Company will not allot any New Shares and all application moneys will be refunded without interest. It is expected that allotment of the New Shares under the Entitlement Offer will take place no more than 6 Business Days after the close of the Entitlement Offer.

It is the responsibility of applicants to determine the number of New Shares allotted and issued to them prior to trading the New Shares. The sale by an applicant of New Shares prior to receiving their holding statement is at the applicant's own risk.

1.9 Capital Structure

Subject to rounding up of fractional Entitlements, the capital structure of the Company following the issue of New Shares is expected to be as follows:

Shares	Number
Shares on issue at 7 April 2015 (the trading day immediately preceding the announcement of the rights issue)	85,017,894
Maximum number of New Shares available under the Entitlement Offer (approximately)	4,250,895
Maximum number of Shares on issue upon completion of the Entitlement Offer (approximately)	89,268,789

1.10 Timetable

The Entitlement Offer is being conducted in accordance with the following timetable:

Event	Date
Announcement of Entitlement Offer	8 April 2015
Lodgement of documents associated with the Entitlement Offer Lodgement of Appendix 3B	8 April 2015
Dispatch of notices to Shareholder informing them of Rights Issue	13 April 2015
Ex-Date Date from which securities commence trading without the entitlement to participate in the Entitlement Offer	14 April 2015
Record Date Record Date (date for determining entitlements of Eligible Shareholders to participate in the Entitlement Offer)	5:00pm (AEST) on 16 April 2015
Dispatch of Offer Documents to Eligible Shareholders Dispatch of Offer Document and personalised Entitlement and Acceptance Form to Eligible Shareholders (and Lodgement with ASX)	21 April 2015
Entitlement Offer Opening Date The first day for receipt of acceptances under the Entitlement Offer including applications under the Shortfall Facility	21 April 2015
Entitlement Offer Closing Date The Closing Date for acceptances including last day to apply under the Shortfall Facility	5.00pm (AEST) on 30 April 2015
Deferred Settlement Trading New Shares issued under the Entitlement Offer expected to commence quotation on ASX on a deferred settlement basis	1 May 2015
Shortfall Date New Shares under the Shortfall Facility allocated and announcement made to ASX. Announcement made to ASX of any shortfall under the Entitlement Offer after take up under the Shortfall Facility	5 May 2015
Issue of New Shares Issue date for New Shares allotted under the Entitlement Offer (including New Shares under the Shortfall Facility) and New Shares commence trading on ASX on a normal settlement basis	7 May 2015
Normal Trading Trading of New Shares expected to commence on ASX	8 May 2015

This timetable is indicative only and subject to change. The Company reserves the right to change the dates, including the Closing Date without prior notice, subject to the ASX Listing Rules. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares.

1.11 Options

No options will be issued under the Entitlement Offer. The Company currently has the following options on issue.

Options	Number
Unlisted options exercisable at 75 cents over unissued shares	600,000
Unlisted options exercisable at 62.5 cents over unissued shares	12,433,334

Optionholders are not entitled to participate in the Entitlement Offer without first exercising their options (in accordance with the terms and conditions of their options) and being registered as a Shareholder on the Record Date.

1.12 Use of proceeds of the Entitlement Offer

The purpose of the Entitlement Offer is to raise up to approximately \$1,800,000. The proceeds of the Entitlement Offer are planned to be used as follows:

- a) to provide expansion working capital for the group;
- b) to reduce balances of existing long term working capital loan facilities ; and
- c) to fund costs of the Entitlement Offer.

1.13 Pro-Forma Balance Sheet

The following pro-forma consolidated balance sheet illustrates the effect of the Entitlement Offer. It has been prepared based on the unaudited management accounts as at 28 February 2015.

It is not intended to represent the financial position of the Company upon completion of the Entitlement Offer. It is provided as an illustration of the effect of the Entitlement Offer and certain other assertions. The actual impact on the Company is dependent on a range of factors, many of which are outside the control of the Company. In particular, the Company notes that the pro forma balance sheet does not illustrate the impact of operating results, associated working capital movements or capital expenditure and investment since 28 February 2015.

The unaudited pro-forma balance sheet as at 28 February 2015 below has been prepared on the basis of the accounting policies normally adopted by the Company and reflects the changes to its financial position as noted below.

The pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	\$000	\$000
	Actual Unaudited	Pro-Forma
	28 February 2015	28 February 2015
ASSETS		
Current assets		
Cash and cash equivalents	964	3,892
Trade and other receivables	10,532	10,532
Other financial assets	90	90
Other	620	620
Total current assets	12,206	15,134
Non-current assets		
Other financial assets	889	889
Plant and equipment	563	563
Deferred tax assets	948	948
Investments	1,078	1,078
Intangible assets	1,685	1,685
Goodwill	10,607	11,178
Total non-current assets	15,770	16,341
Total assets	27,976	31,476
LIABILITIES		
Current liabilities		
Trade and other payables	8,418	8,418
Provisions	1,669	1,669
Interest-bearing loans and borrowings	3,875	3,775
Provision for Income tax	322	322
Deferred income	863	863
Total current liabilities	15,147	15,047
Non-current liabilities		
Provisions	405	405
Interest-bearing loans and borrowings	4,079	4,079
Total non-current liabilities	4,484	4,484
Total liabilities	19,631	19,531
Net assets	8,345	11,945
EQUITY		
Contributed equity	131,087	134,687
Reserve	(8,898)	(8,898)
Accumulated losses	(113,844)	(113,844)
Total equity attributable to equity holders of the parent	8,345	11,945

Notes to the above pro-forma balance sheet:

- (a) The consolidated balance sheet of 28 February 2015 has been prepared as unaudited management accounts. The pro forma balance sheet does not take account of any trading results, associated working capital movements or capital expenditure of the Company since 28 February 2015 except for the transactions noted below.
- (b) The adjustment to share capital reflects the issue of 4,705,882 new Shares under a placement to institutional and professional investors as announced to the ASX on 16 March 2015 and the issue of approximately 4,250,895 New Shares pursuant to the Rights Issue.
- (c) The adjustment to the balance sheet reflects:
 - i. the drawdown of \$0.9 million during March under the Company's existing long term working capital debt facility with North Ridge Partners. This drawdown was in respect of usual seasonal working capital requirements in respect of the March quarter, driven by holiday periods (Christmas/New Year, Chinese New Year and Easter) and an annual March quarter increase in receivables balances under certain key international client contracts (which are not covered by the Company's Australian-based trade finance facility);
 - ii. subsequent repayment of \$1.0 million of the working capital facility assumed in May; and
 - iii. settlement of the base consideration of SGD600,000 in respect of the acquisition of @ccompliance.

1.14 No rights trading

The Entitlement Offer is non-renounceable. Accordingly, there will be no trading of rights to subscribe for the New Shares (**Rights**) pursuant to this Offer Document on ASX and Rights may not be sold or transferred.

Any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the Shortfall and will be dealt with firstly in accordance with the Shortfall Facility and then in accordance with the Underwriting Agreement.

1.15 Rights and liability attaching to New Shares

The New Shares will, from allotment, rank equally with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

2 How to apply

2.1 Action required by Shareholders

Your choices

The personalised Entitlement and Acceptance Form will detail the number of New Shares to which you are entitled. You may:

- a) take up all of your Entitlement in full (refer to section 2.2);
- b) take up all of your Entitlement in full and apply for additional New Shares under the Shortfall Facility (refer to section 2.3);
- c) take up part of your Entitlement and allow the balance to form part of the Shortfall which will be dealt with firstly by the Shortfall Facility, and then in accordance with the Underwriting Agreement (refer to section 2.4); or
- d) not take up any of your Entitlement and allow all of your Entitlement to form part of the Shortfall which will be dealt with firstly by the Shortfall Facility, and then in accordance with the Underwriting Agreement (refer to section 2.5).

You cannot sell or transfer any of your Entitlement to another person.

That part of your Entitlement not taken up will form part of the Shortfall that will be dealt with firstly in accordance with the Shortfall Facility and then in accordance with the Underwriting Agreement.

The issue price of any New Shares offered pursuant to the Shortfall shall be \$0.425 per Share, being the Issue Price at which the Entitlement has been offered to Shareholders under this Offer Document.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. In this case, any application monies (without interest) will be returned.

In the event that there is a Shortfall in the subscriptions under the Rights Issue, the allocation of any additional Shares under the Shortfall Facility will be determined by the Company in consultation with the Underwriter.

The Company reserves the right to reject any application for additional New Shares or allocate fewer additional New Shares than applied for by subscribers under the Shortfall Facility. Application monies received but not applied towards subscriptions for additional New Shares under the Shortfall Facility will be refunded as soon as practicable. No interest will be paid on application monies held and returned to you.

2.2 Take up all of your Entitlement

If you wish to take up your Entitlement in full, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the form and forward it, together with your application monies for the amount shown on the form, to reach Computershare Investor Services Pty Limited (**Share Registry**) by the Closing Date.

2.3 Taking up all of your Entitlement and applying for additional New Shares under the Shortfall Facility

If you wish to apply for New Shares in addition to your Entitlement, complete the Entitlement and Acceptance Form for additional New Shares under the Shortfall Facility and forward it, together with your application monies for the amount shown on the form, to reach the Share Registry by the Closing Date.

2.4 Taking up part of your Entitlement

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and forward it, together with your application monies for the amount shown on the form, to reach the Share Registry by the Closing Date. In this case, the New Shares not taken up by you will form part of the Shortfall and will be dealt with firstly in accordance with the Shortfall Facility and then in accordance with the Underwriting Agreement.

2.5 Not take up any of your Entitlement

If you do not wish to accept any part of your Entitlement, do not take any further action. In this case, your whole Entitlement will form part of the Shortfall and will be dealt with firstly in accordance with the Shortfall Facility and then in accordance with the Underwriting Agreement.

2.6 Payment for New Shares

The Issue Price for each New Share accepted under your Entitlement is payable on application. The Entitlement and Acceptance Form must be accompanied by a cheque for the application monies. Cheques must be drawn in Australian currency on an Australian bank, made payable to "Asia Pacific Digital Ltd – Rights Issue Account" and crossed "Not Negotiable". Do not forward cash or money orders. Receipts for payment will not be issued.

Alternatively, payment can be made by BPay (using the BPay details on the Entitlement and Acceptance Form).

Application monies will be held on trust for applicants until allotment of the New Shares. Interest earned on application monies will be for the benefit of the Company and will be retained by it whether or not allotment takes place.

2.7 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

2.8 Brokerage

No brokerage is payable by Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

2.9 Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form, in addition to the representations set out elsewhere in this Offer Document and in the Entitlement and Acceptance Form, you:

- a) represent to the Company that you are an Eligible Shareholder;
- b) acknowledge that you have read and understand this Offer Document and the Entitlement and Acceptance Form in their entirety;
- c) agree to be bound by the terms of the Entitlement Offer, the provisions of this Offer Document and the Constitution;
- d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- e) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- f) acknowledge that once the Company receives your personalised Entitlement and Acceptance Form, you may not withdraw your Entitlement and Acceptance Form or application monies except as allowed by law;
- g) agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form at the issue price of \$0.425 per New Share;
- h) declare that you were the registered holder(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- i) acknowledge that this Offer Document is not a prospectus, does not contain all of the information that you require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- j) acknowledge the statement of risks in Section 3 of this Offer Document and that investments in the Company are subject to risk;
- k) represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Offer;
- l) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States; and
- m) you understand and acknowledge that neither the Entitlements nor New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and the Entitlements may not be issued to, purchased or traded by, or taken up or exercised by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account of a person in the United States.

2.10 Governing law

This Offer Document and the contracts which arise on the acceptance of applications are governed by the laws applicable in New South Wales and each applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

3 Principal Risk Factors

3.1 General market risks

An investment in New Shares should be regarded as speculative and involves many risks.

Eligible Shareholders intending to participate in the Rights Issue should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (ASX Code: DIG), and the Company's website, www.asiapacificdigital.com.

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares.

The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

3.2 Liquidity risk

There can be no guarantee that there will be an active market for the Shares or that the price of the Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid under the Entitlement Offer. Furthermore, there is a risk that, should the market for the Shares become illiquid, the Shareholders will be unable to realise their investment in the Company.

3.3 Tax consideration for investors

You should be aware that there may be taxation implications associated with participating in the Entitlement Offer. The directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares or the subsequent disposal of any New Shares. The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to Shareholders. The directors recommend that all Shareholders consult their own professional tax advisers in connection with subscribing for, or subsequent disposal of, New Shares.

3.4 Movement in Australian and overseas share markets and financial markets generally

A number of factors affect the performance of stock market investments that could also affect the price at which shares trade on the ASX. Movements on international stock markets, local interest rates and exchange rates, domestic and international economic conditions, as well as government taxation and other policy changes may affect the stock market.

3.5 Changes in legislation and government regulation

Government legislation, including changes to the taxation system, may affect future earnings and the relative attractiveness of investing in the Company. Changes in government policy (such as in relation to taxation or media and entertainment) or statutory changes may affect the Company and the attractiveness of an investment in it.

3.6 Economic conditions

Economic conditions, both domestic and global, may affect the performance of the Company. The Company's future possible revenue and share price can be affected by these conditions all of which are beyond the control of the Company and the Directors. In addition, the Company's ability to raise additional capital, should it be required, may be affected.

3.7 Reliance on key personnel

The Company's performance is substantially dependent on its senior management and key personnel to continue to develop and manage the Company's services. The loss of key management could have a material adverse effect on the business and consequently its financial performance. The future success of the Company is also dependent on its ability to attract and retain competent management and personnel. The inability to attract such personnel may adversely affect the business of the Company.

3.8 Future capital requirements

The Company may require further financing in the future, in addition to amounts raised pursuant to the Entitlement Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Entitlement Offer price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

No assurances can be given that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

3.9 Potential acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in complementary companies, services, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.

4 Additional Information

4.1 Effects of rounding and warning against Share splitting

All Entitlements will be rounded up to the nearest whole number of New Shares. If the Company reasonably believes that a Shareholder has been a party to the splitting or division of a shareholding in an attempt to obtain an advantage from the rounding up of Entitlements, then the Company reserves the right to round the Entitlement of such holdings so as to provide only the number of New Shares that would have been received but for the splitting or division.

4.2 Financial information

The Company published its results for the half year ended 31 December 2014 on 27 February 2015. Shareholders should refer to the 2014 Annual Financial Report, the quarterly report and related announcements on the ASX website (www.asx.com.au) should they wish to obtain more detailed disclosures and commentary on historical financial information.

Investors should note that the past price performance of the Company's Shares provides no guidance as to future price performance.

4.3 Forward looking statements

This Offer Document includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements.

4.4 Tax

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Offer. The Company does not accept any responsibility in this regard, and Shareholders should consult with their professional tax adviser.

4.5 Continuous disclosure

The Company is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

The Company is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its Shares. That information is available to the public from the ASX.

Some documents are required to be lodged with ASIC in relation to the Company. These documents may be obtained from, or inspected at, an ASIC office.

4.6 Privacy

The Company collects information about each applicant provided on an Entitlement and Application Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in the Company.

By submitting an Entitlement and Application Form, each applicant agrees that the Company may use the information provided by an applicant on the Entitlement and Application Form for the purposes set out in this Offer Document and may disclose it for those purposes to the Company's share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Application Form, the Company may not be able to accept or process your application. An applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

4.7 Events for termination of Underwriting Agreement

The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of any of the following events:

- a) **(no Listing Rule waivers or approvals)** the Company fails to obtain or procure from ASX any waivers or approvals required under the Listing Rules before the despatch date;
- b) **(disclosures in Offer Documents)** a statement in the Offer Document is misleading or deceptive in a material respect, or information is omitted from the Offer Document, which renders them misleading or deceptive in a material respect;
- c) **(disclosures)** any information supplied by or on behalf of the Company to the Underwriter in relation to the Company or the Entitlement Offer is misleading or deceptive in a material respect;
- d) **(Quotation approvals)** approval for official quotation of all of the New Shares on ASX is refused or not granted on or before the allotment date, or if approval is granted, the approval is granted on conditions other than customary conditions or subsequently withdrawn, qualified or withheld before tissue of the New Shares;
- e) **(trading of securities)** trading in any securities of the Company is suspended by ASX for more than five trading days, or any securities of the Company quoted on ASX cease to be so quoted;
- f) **(market fall)** either of the All Ordinaries Index or the S&P/ASX 200 Index is at any time prior to the allotment date more than 10% below the level of that Index at the close of normal trading on the date of entry into the Underwriting Agreement is and remains at or below that level for three consecutive trading days;
- g) **(adverse change)** any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company as disclosed to the ASX or the Underwriter (other than costs incurred in relation to the Entitlement Offer) which will result in material liability being imposed on the Underwriter (other than the ability to underwrite the Entitlement Offer);
- h) **(material default)** material default by the Company of any term of the Underwriting Agreement;
- i) (withdrawal) the Company enters into alternative underwriting agreements with a third party in relation to the Entitlement Offer for any reason;
- j) **(compliance with regulatory requirements)** the Company or any entity in the group contravenes the Corporations Act, the Listing Rules, the Company's constitution or any other applicable law or regulation;
- k) **(closing Certificate)** a closing certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished when required or a statement in the closing certificate is untrue, incorrect or misleading in a material respect;
- l) **(repayment)** any circumstance arises that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their acceptances for New Shares and be repaid their application money;
- m) **(new circumstance)** a new circumstance occurs or arises after the Offer Documents are issued that would, in the reasonable opinion of an underwriter, have been required to be included in the Offer Documents if it had arisen before the Offer Documents were issued;
- n) **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia, a new law, or the Reserve Bank of Australia, or any Commonwealth, State or Territory authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this document);

- o) **(legal proceedings and offence by Directors)** any of the following occurs:
 - i. a Director is charged with an indictable offence;
 - ii. legal proceedings are commenced against the Company or any Director; or
 - iii. any Director is disqualified from managing a corporation under section 206A of the Corporations Act;
- p) **(hearing or investigation)** any government agency (including ASIC) commences any public action, hearing or investigation against the Company or any of the Company's directors in their capacity as a director of the Company, or announces that it intends to take such action;
- q) **(Offer to comply)** the Offer Documents or any aspect of the Entitlement Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- r) **(notifications)** any of the following occurs:
 - i. ASIC applies for an order under Part 9.5 of the Corporations Act in relation to the Entitlement Offer or commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer Documents; or
 - ii. the Company issues a public statement concerning the Entitlement Offer which has not been approved by the Underwriter;
- s) **(representations and warranties)** any representation or warranty in the Underwriting Agreement on the part of the Company is not materially true or correct;
- t) **(prescribed occurrence)** an event specified in section 652C(1) or section 652C(2) of the Corporations Act occurs, but replacing "target" with "Company"; or
- u) **(timetable)** an event specified in the timetable included in the Underwriting Agreement is delayed for more than three business days other than as the direct result of actions taken by the Underwriter (unless those actions are requested by the Company) or the actions of the Company (where those actions are taken with the Underwriter's prior consent).

5 Enquiries

If you have any questions regarding the Rights Issue, please do not hesitate to contact Mr Campbell Nicholas, Company Secretary on 02 8569 0080 or the Share Registry on 1300 787 272 or contact your stockbroker or professional advisor.