



ECSI LIMITED

ABN 68 004 240 313

Company Update

24 February 2014

Administration

ECSI Limited ("ECS") is pleased to announce that the Deed of Company of Arrangement ("DOCA") entered into on 19 September 2013 that was put forward by Mi Media Holdings Limited ("MMH") has been fully effectuated. ECS is no longer subject to external administration.

This allows ECS to move forward and complete the proposed transaction with Mi Media Holdings for the acquisition of miRoamer Pty Ltd as previously announced on 28 December 2012.

The key terms of the DOCA was the issue of 300,000,000 shares to MMH for the amount of \$200,000 plus the off market transfer of 80,000,000 ECS shares to MMH for the amount of \$100,000, which were approved by shareholders at the annual general meeting held on 30 January 2014.

Following external administration, the current board of the Company is as follows:

George Karafotias – Executive Director/Company Secretary

Eric Jiang – Executive Director

Ashley Kelly – Executive Director.

The above board members were directors of the Company prior to the Company being placed into voluntary administration.

Jeffery Tan resigned from the board and Wilton Yao was not re-elected at the annual general meeting of the shareholders held on 30 January 2014.

ECS thanks both Jeffery Tan and Wilton Yao for their services and wishes them well for the future.

Proposed Transaction

The board of ECS is pleased to announce that the Company has signed a Share Sale Agreement (“SSA”) with Mi Media Holdings for the acquisition of 100% of the issued share capital of miRoamer Pty Ltd (***Proposed Transaction***).

The key terms of the SSA are:

1. ECS will acquire 100% of the issued share capital of miRoamer Pty Ltd for the issue of 45 million ECS shares at a value of \$0.20 per share (on a post consolidation basis), for a total consideration of \$9 million.
2. The acquisition is conditional on:
 - a) ECS obtaining shareholder approval in respect of the Proposed Transaction and the change in nature and scale of activities as a result of the acquisition of miRoamer;
 - b) ECS obtaining shareholder approval for a 1 for 100 consolidation of ECS shares (***Consolidation***);
 - c) ECS obtaining shareholder approval to undertake a prospectus capital raising of between \$3 million and \$8 million (***Capital Raising***);
 - d) ECS obtaining an opinion from an independent expert that the Proposed Transaction is fair and reasonable and in the best interests of ECS Shareholders and that the independent expert does not change that conclusion or withdraw its report before completion of the Proposed Transaction;
 - e) ECS re-complying with Chapters 1 and 2 of the Listing Rules and obtaining written conditional approval from ASX for the re-quotation of ECS Shares; and
 - f) MMH obtaining all shareholder approvals to facilitate the transactions contemplated by the sale agreement.

Attached to this announcement is a Pro Forma Capital Structure and Balance Sheet of ECS post transaction, assuming the Consolidation is approved at the forthcoming general meeting.

A general meeting of ECS will be called in the coming weeks to obtain the required shareholder approvals in respect of the Proposed Transaction.

miRoamer Pty Ltd

miRoamer Pty Ltd (“Company”) is a technology company specializing in digital media services, with a strategic focus on the automotive web-connected vehicle market.

miRoamer is known for its multi-award winning technology and is considered a global market innovator in streaming digital media technology (global radio and music services).

The Company's technology platform has many applications and makes it easier for manufacturers and carriers to add digital media content to their product offerings. It also allows consumers to access digital media content on their connected devices anywhere, anytime.

miRoamer has spent several years developing and commercialising the miRoamer digital media platform, which was launched in 2008 through consumer electronics products and smartphone applications.

The automotive industry has been a key strategic priority for miRoamer, which has been working with global automakers since 2008 developing and road testing the miRoamer service for in-vehicle infotainment in both pre-production and production solutions. The Company is well known by the key automotive manufacturers. It is important to note that the automotive sector typically has very long lead times (usually 3-7 years is not uncommon).

The Company also sees an opportunity to develop other software and service products for the connected vehicle infotainment market.

miRoamer has also developed and launched a range of smartphone applications for the iOS, Android, Windows, and BlackBerry handsets. These applications were branded as either miRoamer products or white-labeled for third party customers such as telecommunications carriers.

The Company is in the process of re-designing and re-engineering their iOS and Android applications to include connectivity solutions such as MirrorLink, so that the services can be operated in a broader range of connected vehicles.

In addition, miRoamer has developed and deployed web portal solutions for specific client streaming media solutions. These include mobile handset vendors, telecommunications carriers, and consumer electronics manufacturers.

miRoamer has taken a direct approach to the market, with a strategic priority of targeting multinational automakers and aftermarket resellers, followed by telecommunications carriers and consumer electronics manufacturers. The overall strategy is a business-to-business approach (or "B2B") with collaborations, joint ventures, revenue sharing agreements, and other strategic relationships including:

- “Application Development Partner” with General Motors Corp;
- “Approved Vendor” for the Volkswagen Group;

miRoamer has commercialized technology and has developed a public image of being the “best in its class” for its technology and applications.

Lead Manager and Corporate Advisor

ECS has entered into an agreement with Phillip Capital Limited to provide capital market services as lead manager in respect to of the Capital Raising.

Phillip Capital’s role in relation to the Capital Raising will include the following primary tasks:

1. Developing a marketing and distribution strategy;
2. Identifying potential institutional and other investors;
3. Promoting and marketing the Proposed Transaction and Capital Raising including coordinating institutional, investor and broker presentations;
4. Use its reasonable endeavors in respect of raising capital in the Capital Raising;

Phillip Capital will be paid a management fee and capital raising fee equal to 6% of the value of the amount raised by ECS pursuant to the Capital Raising and 50,000 ECS Shares will be issued to Mr Brendan Fogarty, senior private wealth adviser of Phillip Capital.

ECS are pleased to have a reputable broking house on board in respect of the Capital Raising.

George Karafotias

Director

INDICATIVE TIMETABLE

Event	Date*
Dispatch of Notice of General Meeting to Shareholders	11 March 2014
Hold General Meeting to approve the	9 April 2014

Proposed Transaction and other matters	
Lodge prospectus for the Capital Raising	11 April 2014
Expected date for issue of shares under the prospectus, Consolidation of the Shares and completion of the Proposed Transaction	23 May 2014
Trading in securities reinstated by ASX (subject to satisfaction of Chapters 1 and 2 of the Listing Rules)	28 May 2014

** Shareholders should note the above timetable is indicative only and may be varied in consultation with ASX. Any changes to the above timetable will be released to the ASX.*

Securities			Shares (minimum subscription under the Prospectus \$3 million)	Shares (full subscription under the Prospectus \$8 million)
Currently on issue			1,020,536,387	1,020,536,387
Following the Consolidation			10,205,364 *	10,205,364 *
Proposed Transaction (post-Consolidation)			45,000,000	45,000,000
Promoter Issue (post-Consolidation)			7,500,000	7,500,000
To be issued under Prospectus (post-Consolidation)			15,000,000	40,000,000
Total			77,705,364 *	102,705,364 *

* Subject to rounding

Shareholder	Ownership (minimum subscription under the Prospectus \$3 million)	Ownership (full subscription under the Prospectus \$8 million)
Prospectus subscribers	19.3%	39%
Initial Shareholders	8.2%	6.2%
MMH **	62.8%	47.5%
Perpetual	9.7%	7.3%
Total	100%	100%

** As at the date of this announcement, MMH holds 3,800,000 Shares on a post-Consolidation basis.

Effect of the Resolutions on the financial position of the Company

Included below is the pro forma Statement of Financial Position for the Company, assuming completion of the Proposed Transaction and the Capital Raising. The pro forma Statement of Financial Position has been prepared based on the book value of the Company's net assets at 30 June 2013 and adjusted for the Proposed Transaction and Capital Raising.

Capital Raising		\$3,000,000		\$8,000,000
	Note	\$		\$
Current Assets				
Cash and cash equivalents	1(a)	2,740,897	1(b)	7,440,897
Other current assets				-
Total current assets		<u>2,740,897</u>		<u>7,440,897</u>
Total assets		<u>2,740,897</u>		<u>7,440,897</u>
Current Liabilities				
Unsecured trade and other payables	2	2,763		2,763
Financial Liabilities	3	311,239		311,239
Total current liabilities		<u>314,002</u>		<u>314,002</u>
Total liabilities		<u>314,002</u>		<u>314,002</u>
Net Assets		<u>2,426,895</u>		<u>7,126,895</u>
Equity				
Issued capital	4	5,791,074		10,791,074
Accumulated losses		(3,364,179)		(3,664,179)
Total equity		<u>2,426,895</u>		<u>7,126,895</u>

Notes:

- 1(a) Includes cash and cash equivalents of \$120,897, a raising of \$3,000,000 under a prospectus less \$380,000 in capital raising costs (including broker fees).
- 1(b) Includes cash and cash equivalents of \$120,897, a raising of \$8,000,000 under a prospectus minus \$680,000 in capital raising costs (including broker fees).
- 2 The Company through the administration process has no creditors (other than a secured creditor pursuant to a secured loan, the repayment terms of which have been extended to June 2014 as per the terms of the DOCA, see note 3), however it will inherit miRoamer's liabilities.
- 3 Secured loan taken out in January 2012 payable January 2014.
4. Includes the issue of equity for the convertible notes of \$150,000, DOCA contribution of \$200,00, issue of shares pursuant to the Proposed Transaction, the issue of the promoter Shares and Capital Raising.

