



03 October 2016

The Manager
Company Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Cleansing notice under section 708A(12C)(e) of the Corporations Act 2001(Cth)

Disruptive Investment Group Limited ACN 108 958 274 (**Company**) gives this cleansing notice (**Cleansing Notice**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as amended by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82*.

The Company hereby gives notice that:

- (a) the Convertible Bonds were issued without disclosure to investors under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued on the conversion of the Convertible Bonds issued by the Company on the terms described below, to be on-sold to retail investors without further disclosure.

This Cleansing Notice is important and should be read in its entirety.

1. Background

As announced by the Company on 16 September 2016, the Company has received applications to fully subscribe its \$1.35 million capital raise (**Capital Raise**), which will enable the Company to use the proceeds to fund the upfront cash consideration for the acquisition of 100% of Nyko Property Pty Ltd (**Proposed Transaction**), working capital and for further incremental acquisitions of businesses and companies.

As part of the Capital Raise, the Company has completed the issue of 75 million unlisted unsecured convertible bonds (**Convertible Bonds**) and raised \$1.35 million.

The terms of the Convertible Bonds are set out in the Convertible Note Deed Poll (**Deed Poll**) executed by the Company in favour of the holders of the Convertible Bonds (**Bondholders**), and are summarised in section 4 below.

The Directors consider that the raising of capital by the issue of the Convertible Bonds is in the best interests of the Company.

2. Contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- (a) in relation to the Convertible Bonds:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the Convertible Bonds; and
 - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Bonds; and
- (b) any information that:
 - (i) has been excluded from continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - a. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - b. the rights and liabilities attaching to the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.

3. The effect of the issue on the structure of the Company

3.1. Effect of the issue on the Company

The principal effect of the issue of the Convertible Bonds on the Company will be to:

- (a) increase the Company's cash reserves by \$1.35 (before costs of the Capital Raise);
- (b) increase the number of unlisted unsecured Convertible Bonds on issue from nil to 75 million;
- (c) give rise to the Company having a liability for the amount of the Face Value of the Convertible Bonds; and
- (d) if the Convertible Bonds are converted, either whole or in part, increase the number of Shares on issue as a consequence of the issue of Shares on the conversion of the Convertible Bonds.

3.2. Pro-forma balance sheet of the Company taking into account issue of the Convertible Bonds

- (a) Set out below is a pro-forma consolidated balance sheet of the Company, as at 30 June 2016, based on the consolidated balance sheet of the Company adjusted to reflect the Convertible Bonds, prepared on the basis of the accounting policies normally adopted by the Company.
- (b) The pro-forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to the annual financial statements. The pro-forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Bonds may change in the future.

Pro-forma Statement of Financial Position as at 30 June 2016*

	Reported 30 June 2016 \$	Proforma 30 June 2016 \$
Current assets		
Cash and cash equivalents	1,656,746	3,006,746
Trade and other receivables	341,165	341,165
Prepayments	65,789	65,789
Total current assets	2,063,700	3,413,700
		-
Non-current assets		
Intangible assets	1,929,503	1,929,503
Investment in joint venture entity	-	-
Financial assets	37,045	37,045
Property, plant & equipment	195,738	195,738
Other non-current assets	253,907	253,907
Deferred tax asset	70,989	70,989
Total non-current assets	2,487,182	2,487,182
		-
Total assets	4,550,882	5,900,882
		-
Current liabilities		
Trade and other payables	561,937	561,937
Provisions	46,046	46,046
Current Tax Payable	152,144	152,144
Total current liabilities	760,127	760,127
		-
Non-current liabilities		
Other long-term liabilities	153,358	153,358
Convertible Note		1,350,000
Total non-current liabilities	153,358	1,503,358
		-
Total liabilities	913,485	2,263,485
NET ASSETS	3,637,397	3,637,397
		-
Equity		
Issued capital	44,779,243	44,779,243
Reserves	1,500	1,500
Accumulated (losses)	(41,159,328)	(41,159,328)
Total parent entity interest	3,621,415	3,621,415
Non-controlling interest	15,982	15,982
TOTAL EQUITY	3,637,397	3,637,397

*The fair value of the conversion feature of the Convertible Bonds will have to be determined at each reporting date and the fair value changes will be recognised in profit or loss.

3.3. Potential effect on share structure

- As at the date of this Cleansing Notice, the issued capital of the Company is 724,560,999 Shares.
- The capital structure of the Company will be affected by the conversion of the Convertible Bonds by the Bondholders which will result in additional Shares being issued.

- (c) The Convertible Bonds can be converted at any time prior to the date of maturity (being 24 months from the date of issue (**Maturity Date**)) at the request of the Bondholder, or they will automatically be redeemed (by repayment) on the Maturity Date.
- (d) If the Bondholders convert the maximum number of Convertible Bonds, then 75,000,005 new Shares would be issued. The actual effect of the share capital of the Company will depend on how many Convertible Bonds are converted. The effect on the issued share capital of the Company on conversion of all the Convertible Bonds is set out in the table below. This is based on a price of \$0.018 and does not account for any accrued interest.

	Number
Shares currently on issue	724,560,999
Shares issued upon conversion of all the Convertible Bonds	75,000,005
Total Shares on issue following conversion of all the Convertible Bonds¹	799,560,999

4. Rights and liabilities attaching to the Convertible Bonds

The following is a broad summary of the rights, privileges and restrictions attaching to the Convertible Bonds. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Bondholders.

(a) **Term**

The Convertible Bonds have a term of 24 months from the date of issue, being 30 September 2016 (**Issue Date**) until 30 September 2018 (**Maturity Date**) (unless earlier redeemed or converted).

(b) **Face Value**

Each Convertible Bond has a face value of \$0.018 (**Face Value**).

(c) **Interest**

Interest for each interest period (being the period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date) accrues daily at 10% per annum, on the outstanding amount of each Convertible Bond (being the Face Value of a Convertible Bond plus any accrued but unpaid interest). On each Interest Payment Date, unless the Company has separately agreed with each Bondholder to capitalise their interest, the Company must pay the interest accrued in respect of each Convertible Bond. For the purposes of this clause (c), Interest Payment Date means, whilst any Convertible Bonds remain outstanding, one calendar month after the Issue Date and each calendar month thereafter.

Interest ceases to accrue in respect of a Convertible Bond on its Maturity Date, the date on which the Company converts the Convertible Bond into shares (**Conversion Date**) or the date on which the Convertible Bond is redeemed

¹ Please note, the Company also has on issue the following securities: 60,000 partly paid shares with an issue price of \$9 per share, 60,000 partly paid shares with an issue price of \$9.75 per share and 66,858 options.

(Redemption Date).

(d) Ranking of Convertible Bonds

The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company. The Convertible Bonds shall rank pari passu and without preference or priority among themselves.

(e) Conversion

- (i) The Bondholder will be entitled to convert all or a portion of the Convertible Bonds (together with any accrued interest) into shares, by delivering a conversion notice at any time prior to the Maturity Date.
- (ii) The Company will apply for quotation by ASX of the Shares issued on conversion of the Convertible Bonds. The Convertible Bonds themselves will not be quoted on the ASX.
- (iii) Shares issued on conversion will rank equally in all respects with fully paid ordinary shares in the Company.
- (iv) Each Convertible Bond will convert into Shares at the conversion price of \$0.018.

(f) Redemption and Repayment

A Convertible Bond is redeemed if a Bondholder gives a redemption notice after an Event of Default.

The Company may redeem a Convertible Bond during the facility, by notice, with the Bondholder having the option of conversion instead.

On the Maturity Date, the Company will redeem the Convertible Bonds at the redemption price of \$0.018 per Convertible Bond.

(g) Events of Default

Events of default include:

- (i) the Company defaults on any payment in respect of, or materially breaches any term, condition, applicable law or the ASX Listing Rules in respect of, the Convertible Bonds;
- (ii) the Company ceases to be listed on the ASX;
- (iii) an administration order is made in relation to the Company or any of its subsidiaries;
- (iv) an order is made, or an effective resolution is passed, for the winding-up, liquidation, administration or dissolution of the Company or any of its subsidiaries (except for the purpose of a solvent reorganisation or amalgamation of the Company or any of its subsidiaries);
- (v) a person holding an Encumbrance (as defined in the Deed Poll) takes possession, or a receiver is appointed, in respect of all, or substantially all, of the assets or undertakings of the Company or any of its subsidiaries;
- (vi) distress, execution or other legal process is levied, enforced or sued in respect of all, or a material part, of the assets or undertaking of the Company or any of its Subsidiaries and is not discharged, paid out, withdrawn or removed within 10 business days;
- (vii) the Company or any of its subsidiaries stops (or threatens to stop) payment of its debts generally or ceases (or threatens to cease) to carry on its business or a substantial part of its business; or

- (viii) the Company or any of its subsidiaries is deemed (other than by failing to comply with a statutory demand which is being challenged on a good faith basis) under applicable law to be unable to pay its debts or compounds, or proposes or enters into any reorganisation or special arrangement with, its creditors generally.

(h) **Transferability**

Convertible Bonds can be transferred (with consent of the Company, such consent not to be unreasonably withheld), but will not be quoted on ASX.

5. Rights and Liabilities attaching to Shares issued under the Convertible Bonds

The Shares to be issued to Bondholders on the conversion of the Convertible Bonds will rank equally in all respects with all of the Company's existing Shares. The rights attaching to Shares, including new Shares to be issued to the Bondholders on the conversion of the Convertible Bonds, are set out in the Company's Constitution, and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The Company intends to apply to ASX Limited for quotation of the shares issued on conversion of any Convertible Bonds.

Full details of the rights and liabilities attaching to shares are set out in the Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders of the Company (**Shareholders**).

(a) **General meetings**

Shareholders are entitled to be present in person, by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).

(c) **Dividend rights**

Subject to and in accordance with the Corporations Act, the ASX Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any

Shares created or raised under any special arrangement as to dividend, the Directors may from time to time decide to pay a dividend to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amount paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends that they may determine. No dividend shall carry interest against the Company.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, to be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as the liquidator considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listings Rules.

(f) **Variation of Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied with the consent in writing of the holders of three quarters of the issued shares of that class or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6. Compliance with disclosure obligations

The Company is a “**disclosing entity**” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Company’s Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 30 June 2016;
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by the Company to ASX after the lodgement of the financial report referred to in (a) and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Announcement
26 August 2016	Appendix 4G
31 August 2016	Details of Company – change of fax number
14 September 2016	Trading halt
16 September 2016	Proposal to acquire Nyko and successful capital raising

7. Information excluded from continuous disclosure notices

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisers to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the Convertible Bonds and Shares.

For more information, please contact the undersigned on (+61) 2 8072 1400.

Yours faithfully



Anand Sundara
Company Secretary