



6 November 2015

Market Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth)

This notice is given by Adcorp Australia Limited ACN 002 208 915 (ASX:AAU) (**Adcorp**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**) as modified by the Australian Securities and Investments Commission (**ASIC**) under Class Order [CO 08/35].

Adcorp has today announced a capital raising comprising a renounceable pro-rata entitlement offer of 2 new fully paid Adcorp ordinary shares (**New Shares**) for every 1 fully paid Adcorp ordinary share held at 7.00 pm (Sydney Time) on Thursday, 12 November 2015 by Adcorp shareholders (**Eligible Shareholders**) with a registered address in Australia or New Zealand at an offer price of 3.1 cents per New Share (**Entitlement Offer**).

Adcorp advises that:

1. the New Shares to be issued pursuant to the Entitlement Offer will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
2. this notice is being given under section 708AA(2)(f) of the Act as modified by ASIC;
3. as at the date of this notice, Adcorp has complied with:
 - (1) the provisions of Chapter 2M of the Act as they apply to Adcorp; and
 - (2) section 674 of the Act;
4. as at the date of this notice, there is no “excluded information” of the type referred to in sections 708AA(8) and 708AA(9) of the Act, as modified by ASIC, that is required to be set out in this notice under the Act; and
5. the potential effect that the issue of the New Shares will have on the control of Adcorp, and the consequences of that effect are described below.

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Starting conversations

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Summary of potential control effect of the issue of the New Shares on Adcorp

The potential effect that the issue of the New Shares pursuant to the Entitlement Offer will have on the control of Adcorp, and the consequences of that effect, will depend on a number of factors.

As announced, Adcorp is proposing to enter into an underwriting agreement with an entity controlled by Mr Ian Rodwell, the founder and chairman of Adcorp. It is proposed that this entity will fully underwrite the Entitlement Offer. Mr Rodwell's shareholding in Adcorp is held through a number of entities associated with him (**Rodwell Associates**).

The voting power of the Rodwell Associates in Adcorp as at the date of this notice is approximately 37.9%.

Mr Rodwell has advised the Adcorp Board that the Rodwell Associates will take up all of their entitlements under the Entitlement Offer.

The potential control effect of the issue of the New Shares on Adcorp will depend on a number of factors including the extent to which Eligible Shareholders participate in the Entitlement Offer including the Shortfall facility and the identity of those Eligible Shareholders. Shareholders are entitled to participate in the shortfall facility up to an amount equivalent to their participation in the rights issue.

It is not presently possible for the Directors of Adcorp to predict the final level of subscription and shortfall under the Entitlement Offer.

If all Eligible Shareholders take up their full entitlements, there would be no significant effect on the control of Adcorp and, as such, Adcorp would not expect any material consequences to flow from that as the Entitlement Offer is being made on a pro-rata basis.

If Eligible Shareholders do not take up their full entitlements under the Entitlement Offer, then their interests will be diluted. The proportional interests of shareholders who are not Eligible Shareholders will be diluted because they will not be entitled to participate in the Entitlement Offer.

The following are examples of how dilution may impact shareholders, if they decide not to participate in the Entitlement Offer:

	Holdings as at Record Date	Approximate % at Record Date	Entitlements under the Entitlement Offer	Holdings if entitlement not taken up	Approximate % following allotment of New Shares
Shareholder 1	5,000,000	8.24%	10,000,000	5,000,000	2.75%
Shareholder 2	1,000,000	1.65%	2,000,000	1,000,000	0.55%
Shareholder 3	500,000	0.82%	1,000,000	500,000	0.27%

The minimum potential voting power, immediately following the Entitlement Offer, of the Rodwell Associates in Adcorp is approximately 37.9%.

If no Shareholders (other than the Rodwell Associates) take up their entitlements to acquire New Shares under the Entitlement Offer, the underwriter will be required to subscribe for the shortfall. The voting power of the Rodwell Associates in Adcorp could theoretically increase from the current level of approximately 37.9%, up to a maximum of approximately 79.3%.



The table below sets out the shareholding of the Rodwell Associates, and the resulting shareholding of those associates in the Company, under 3 scenarios immediately following the completion of the Entitlement Offer. These scenarios are included for illustrative purposes only and are used to highlight the theoretical minimum and maximum shareholding outcomes for the Rodwell Associates following the Entitlement Offer and the issue of the New Shares.

	Scenario 1		Scenario 2		Scenario 3	
	All Shareholders take up their Entitlement	Number of Shares	50% of Shareholders take up their Entitlements	Number of Shares	No Shareholders take up their Entitlements	Approximate % of total Shares on issue
Shareholding prior to Entitlement Offer	23,022,362	37.94%	23,022,362	37.94%	23,022,362	37.94%
Shares acquired under Entitlement Offer	46,044,724	37.94%	46,044,724	37.94%	46,044,724	37.94%
Shortfall Shares acquired	Nil	0.00%	37,654,240	20.69%	75,308,480	41.37%
Shareholding immediately after Entitlement Offer	69,067,086	37.94%	106,721,326	58.63%	144,375,566	79.31%

Accordingly, the Rodwell Associates could acquire control of Adcorp as a result of the Entitlement Offer.

Mr Rodwell has indicated that if the Rodwell Associates were to control Adcorp following the Entitlement Offer, their current intention is to work with Adcorp's executive management to implement strategies that will return the Company to sustainable profitability and provide returns to shareholders. This is consistent with current strategies of the Company.

Signed for Adcorp Australia Limited

Craig McMenamin
Company Secretary

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For further information, please contact:
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