

## **BROAD INVESTMENTS LIMITED**

**ACN 087 813 090**

**To: Australian Securities Exchange Limited (ASX)**  
**From: Broad Investments Limited (ASX: BRO)**  
**Date: 6 May, 2016**  
**Subject: Sale of Non-performing Asset & Dismissal of Court Proceedings**

---

On 15 April 2015, Broad Investments Limited (Broad or the Company) announced the completion of the acquisition of MyMac, which is a reseller of Apple products and Monsta Industries, which is a wholesaler of Apple product accessories.

The consideration for the acquisition was as follows:

1. Issue at 0.1 cent/share of 574,149,098 shares and 25 million options exercisable at 0.5 cent/share to the various vendors of the businesses.
2. The payment of \$200,000 in cash.
3. The further payment in instalments of \$145,000 in cash.

Items 1 and 2 were completed and item 3 was yet to be paid.

At the time of acquisition, Broad was hopeful that the two businesses would be profitable and add value for shareholders. MyMac is a high volume, low margin business that requires high levels of stock at all times for which its suppliers were unwilling to extend the required level of credit to sustain anticipated growth. The recent demise of Dick Smith led to more stringent scrutiny of retailers and their supplier credit facilities, resulting in a reduction in levels of stock and supplier terms.

Furthermore, a dispute arose between Steve Bardel, a 50% vendor of MyMac and the previous owner of Monsta Industries, who had been appointed a director of the Company. It created a dysfunctional board and eventually led to Supreme Court Proceedings, as advised in a release to the market on 18 November, 2015. This too incurred additional costs and consumed considerable Board and management time which was unproductive and would be better spent improving other businesses within the Broad Group.

The Board is pleased to advise that after several weeks of discussions, it has reached agreement to sell the business back to Steve Bardel, subject to shareholder approval and for the following consideration:

1. Return of the 574,149,098 shares and the 25 million options
2. The payment of \$150,000 by Steve Bardel to Broad
3. The extinguishment of other liabilities arising from the original acquisition

In addition to shareholder approval, the agreement is also subject to conditions precedent as follows:

1. the obtaining by Steve Bardel of releases for any guarantees provided by Broad and other directors to any suppliers and the bank.
2. the discontinuance of the Supreme Court Proceedings, and

## **BROAD INVESTMENTS LIMITED**

**ACN 087 813 090**

3. the provision of all and any financial and related information required in relation to MyMac and Monsta Industries for Broad to complete its June 30, 2015 annual audit and December 31, 2015 half year review, so that upon completion and lodgement of the accounts the current suspension of trading of the Broad shares on the ASX can be lifted.

### **Dealing with the proceeds of sale & ITC expansion**

Broad expects to use the funds to be received from the sale of the businesses to expand the operations of its telco subsidiaries, and to apply the shares and options returned as follows:

1. Sell down or place part or all of the shares and options to raise additional funds for expansion, or
2. Apply part or all of the shares and options for another acquisition, or
3. Distribute part or all of the shares and options to existing shareholders on a pro-rata basis.

In recent weeks, as part of its mandate from the Board to focus on and expand the ITC activities of the Group, management have executed reseller agreements with three separate telecommunications companies, TPG, Exetel and Planet Tel, to expand the Group's product offerings for new and existing customers.

Also, since discussions began on the sale of Mymac and Monsta Industries, the Board has been actively looking for other acquisitions in the ITC space to complement its expansion of ITC services and is hopeful of completing such a transaction soon or shortly after the ASX has lifted the suspension on the trading of its securities.

**By Order of the Board  
Broad Investments Limited**