



## INFORMATION MEMORANDUM

This is a Small Scale Offer to issue Securities in the form of Ordinary Shares in  
Ecodisc Limited ACN: 139 788 515  
Opening Date: 20th day of January 2010

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Ecodisc Limited intends to raise \$500,002 through this Offer Document:

**Round 1**

6,250,000 @ \$0.040 cents per Ordinary Share in return for the capital contribution of \$250,000

**Round 2**

4,166,700 @ \$0.060 cents per Ordinary Share in return for the capital contribution of \$250,002

Note: Both Rounds 1 and 2 are being offered consecutively as each Application is received.

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Except for historical information, there may be matters in this publication that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Forward-looking statements, which are based on assumptions and estimates and describe the Company's future plans, strategies, and expectations are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'plan', 'expect', 'intend', 'seek', or similar expressions. Investors are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions and prevailing exchange rates and interest rates. Actual performance or events may be materially different from those expressed or implied in those statements.

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## Table of Contents

1. Executive Summary.....	5	20. Average Investment per Investor .....	25
2. Mission/Vision.....	7	21. Average Shareholding per Investor .....	25
3. Products and Services .....	8	22. Limited Liability .....	25
4. Company Background .....	14	23. Ownership Structure.....	25
5. Company Strategy .....	15	24. Dividend Policy.....	25
6. Marketing Strategy.....	17	25. Exit Strategy – Am I able to sell my Shares?.....	26
7. Competitors .....	18	26. Escrow Provision .....	26
8. Financial Projections.....	19	27. Creation and Issue of Further Shares.....	26
9. Board of Directors and Management .....	20	28. Other Company Information.....	27
10. Corporate Governance / Continuous Disclosure .....	21	29. Risk Analysis.....	29
11. Financial Reporting to shareholders.....	21	30. Round 1 – Strategic Growth Plan (SGP).....	30
12. Company Incorporation .....	21	31. Round 2 – Strategic Growth Plan (SGP).....	31
13. Purpose of Capital Raising.....	21	32. Cooling off Period .....	32
14. Minimum Subscription Requirement .....	21	33. Legal Jurisdiction.....	32
15. The Offer .....	22	34. Glossary of Terms .....	33
16. Implied Capitalisation.....	22	35. Who to Contact.....	34
17. Use of Proceeds.....	23	36. Directors Declaration .....	35
18. How to Apply for Shares .....	24	Disclaimer .....	35
19. Opening and Closing Dates .....	25	Appendices 1, 2, 3 .....	36

## 1. Executive Summary

The consumption of music, movies, games, software and education, through physical media (CD / DVD / Blu-ray discs) is enormous and will remain the most cost effective means for the distribution and viewing of entertainment and information for decades to come.

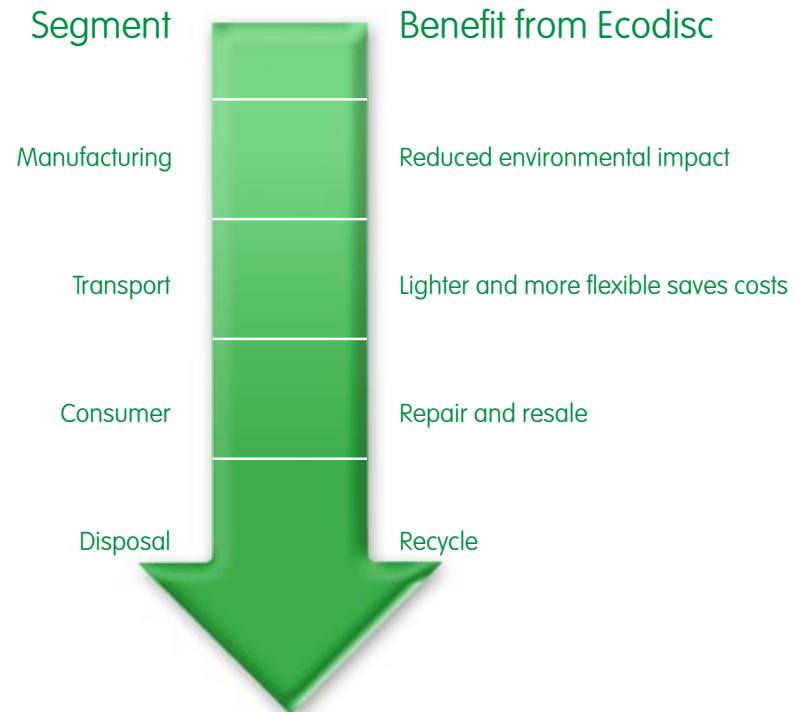
In Australia, and many parts of the world there is a growing focus on the environmental impact of the products we use. Conventional discs have a significant and detrimental environmental impact throughout their product life-cycle. In particular their production involves high use of oil based polycarbonates and energy, there are limited repair and re-use options, and the discs are difficult to recycle due to the use of toxic bonding chemicals and other material contaminants in the manufacturing process. Building on substantial founder history in the physical disc media sector (CD's, DVD, Blu-ray) Ecodisc Limited have secured the Australian rights to import, manufacture and distribute, patented and valuable;

- Proven (already in use in large numbers in Europe) and environmentally friendly disc technology that is thinner, lighter, cheaper and 100% recyclable (the Ecodisc)
- disc repair technology that allows a damaged disc to be repaired & re-used, and
- Are building an emerging data destruction and disc recycling business aligned to federal e-waste recycling initiatives.

Additionally, through an agreement with an internationally branded Global FMCG (Fast Moving Consumer Goods) Company Ecodisc will exclusively supply of Ecodisc media and disc repair stations in support of a global roll-out of the FMCG's new integrated media product in 2010. With international customers including Target USA, Metro, Tesco, and ASDA and domestic retailers such as Myer, Target, Officeworks and The Good Guys this relationship will provide Ecodisc with direct sales and a comprehensive low cost international and domestic sales, marketing and distribution channel.

With this suite of innovative licensed technologies and with distribution agreements and partnerships in place Ecodisc Limited will positively affect the entire disc media value chain allowing manufacturers, distributors and consumers to reduce their environmental impact and to do so cost effectively. In particular:

- Ecodisc can REDUCE disc manufacturer and distributor direct costs and their environmental impact with the supply of a lighter, cheaper, and more flexible (thus less breakage) alternative to conventional discs (the Ecodisc).
- Ecodisc REPAIR stations help to build pre-owned disc resale markets and point-of-sale insurance income from the sale of repaired discs for game, music, movie and other media sellers, and media libraries, and
- Ecodisc will help businesses act responsibly with both data security and disc RECYCLING by developing on-premise and centralised recycling facilities, including the provision of the 100% recyclable Ecodisc format.



\*The identity of the Global FMCG Company is confidential until their product launch in February 2010. Disclosure to potential investors would require the execution of confidentiality agreement between the Investor, Ecodisc Limited and the Global FMCG Company.

## 1. Executive Summary (con'd)



Each of these segments represents a significant growth business for Ecodisc in Australia and Ecodisc will launch a comprehensive marketing campaign in early 2010 to introduce the products. This campaign will target Australia's major media, news, print, education and government businesses and sectors.

The Founding Board of Directors is highly experienced in the disc media industry. They will apply the funds raised through this offer to provide:

- local manufacturing of the new Ecodisc disc media (which will involve the installation of new equipment into an existing facility),
- working capital to implement the FMCG company global supply agreement,
- the equipment, facilities and business model development (including partnerships) for disc e-waste recycling, and
- A strong marketing campaign targeted at key industry, media and government buyers.

Ecodisc Limited is offering a stake of 18.00% in the company to new investors through a capital raising on the Australian Small Scale Offerings Board (ASSOB).

## 2. Mission & Vision

Ecodisc Limited's mission is to provide a practical, cost-effective, and sustainable range of products to the packaged disc media industry. Through the supply and use of Ecodisc products, an environmentally friendly outcome for all content providers and users of discs is now possible.

Ecodisc provides a range of products and services that assists business and consumers to simply and effectively:

- reduce their carbon footprint
- reduce landfill waste and contamination
- meet their environmental targets

The Board of Ecodisc envisage that the company will become a major supplier of digital media due to the fact that the company is offering something unique – discs that are environmentally friendly. This will not only be attractive to individual consumers, for whom protecting the environment has become a major issue in recent times, but also to companies that are looking for simple ways to improve their environmental credentials – something that will become increasingly important to corporate survival in coming years.

“The group of Ecodisc products, technologies and services will allow the disc industry to **REDUCE, REPAIR, and RECYCLE**, – something consumers now demand in the products they use.”

- Managing Director, Glen Whiteman



### 3. Products & Services

Ecodisc Ltd provides comprehensive and market leading products and services that adhere to each part of the company's mantra of **REDUCE, REPAIR and RECYCLE**.

#### ECODISC | REDUCE

Ecodisc is a revolutionary new disc format that changes the face of DVD production and use.

Ecodisc halves the use of raw materials and reduces the carbon footprint of DVD production by 52%.

The Company is pleased to announce the Ecodisc as a commercially viable and more eco-friendly alternative to regular DVDs that tackles the environmental concerns posed by disc manufacture. The Ecodisc successfully challenges and addresses these concerns as it is 100% recyclable, is half the thickness of a regular DVD, uses no harmful bonding resins and 50% less polycarbonate than a standard DVD. The costs and carbon emissions resulting from distribution are also minimised as a consequence of Ecodisc's reduced thickness and weight. Whilst Ecodisc is an eco-friendly alternative to a regular DVD, it still delivers the same expected sound and picture quality. In fact, it offers everything you expect from a DVD, only 'greener'.

#### Key Features

- Playable in all normal DVD players and standard PC drives
- 52% less carbon footprint
- 4.7 GB memory capacity, same as standard DVD-5
- Flexible and does not break easily
- 50% thinner than DVD 5 (only 0.6mm)
- 50% lighter than DVD 5 (only 8 grams)
- No toxic bonder – so it's recyclable
- **Ecodisc is Thinner – Lighter – Cheaper**

#### Ecodisc DVD at a Glance:

- 50% less polycarbonate material
- 50% less production energy used
- 52% less CO<sub>2</sub> emissions
- Thinner, lighter and more flexible
- Free of toxic bonder and 100% recyclable



### 3. Products & Services (con'd)

#### ECODISC R+ | REPAIR

Pre-owned console game resale is now big business – with virtually every major specialist retailer of game software offering trade and resale of pre-owned discs (eg. EB Games & GAME). Pre-owned game sales contribute significant revenue for the industry and the segment is a fast growing market.

The Ecodisc R+ Disc repair unit is an essential tool for retailers to support their pre-owned console game disc sales. The R+ unit is used to maintain traded disc stock in each store, to ensure all traded discs are presented for re-sale in 'as new' condition. This process uses consumables (pads & polish compound), and the ongoing supply of these materials will provide Ecodisc with ongoing sales to each installed unit. This business model is similar to buying toner cartridges required for photocopy machines.

**GameStop's (US owner of Australian retailer EB Games) stated:**

**"For the quarter ended Nov. 1, 2009, used-games products accounted for 25% of the company's sales and 48% of its gross profit" - Daniel DeMatteo, CEO. GameStop**

With the introduction of the Ecodisc R+ Disc repair unit, Ecodisc is now able to support and grow this market segment with equipment & consumables sales to franchise games retailers and mass merchant retailers who are not participating in this segment currently. The Ecodisc R+ Disc Repair units additionally will be sold to Video stores, Game retailers, Government agencies and Libraries.

#### Key Supply Contract with Global FMCG Corporation

Ecodisc has negotiated an exclusive distribution contract with Japanese company ELM, a leading manufacturer of Optical Disc repair equipment. Ecodisc has also negotiated to supply a Global FMCG Company (details of the FMCG Corporation are embargoed until February 2010) with this unit, and will be branded as Ecodisc R+.



#### ECODISC R+ Disc Repair unit at a Glance:

- Removes scratches from all CD, DVD, Console game, Blu-ray & Ecodisc formats
- Automatic waterless operation (simple)
- Streamlined consumables supply
- Japanese R&D and manufacturing

### 3. Products & Services (con'd)

Demand for the Ecodisc R+ unit is expected to be driven by the following factors:

- A desire from mass retailers to increase customer lifetime value through pre-owned game re-sale, wherein discs need cleaning and repair before being re-sold.
  - For example: mass retailers like Target, K-Mart, Big W, Myer, DSE are now considering starting their own pre-owned programs to compete with the specialist game retailers.
  - A quote from Game Group PLC's Annual report highlights this customer value delivery; 'Pre-owned is the Group's value proposition. It has been a key component of our customer offer and a vital part of our business model for over 12 years.'
- An ability for retailers to sell additional disc insurance at the POS (POS insurance is a growing high margin market for all electronic goods). This will allow retailers to repair scratched customer discs at the Point of Sale.
  - For example: GAME UK have reported an increase in the Average Transaction Value (ATV) of 10% that has been due to the introduction of their Lifetime Scratch Warranty sales initiative.

**Some words from Games Retailers about the success of Pre-owned Game disc sales:**

**"Game's UK Pre-owned games grew 12.3% to 177 Million pounds for six months to July 2009"**

**"HMV counted the successful UK rollout of its pre-owned games initiative, branded Re/Play among its operational highlights"**

**"Toys R Us introduces pre-owned games in all its North American stores after successful pilot"**

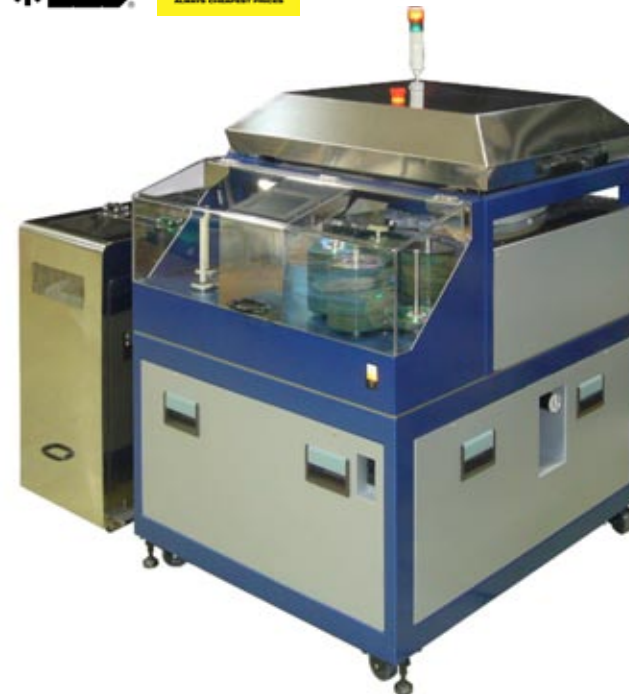
**"The CEO of leading North American and global games retailer GameStop has insisted that the pre-owned sector is a vital element in the market for new games"**

The opportunity that exists for mass merchants to drive their ATV and gross margins higher by 10% or more, just by offering this service, will be very appealing. This paves the way for the Ecodisc R+ unit to be adopted by many retailers as a piece of essential in-store equipment.

#### **Outsourced High Volume Disc Repair: Central Serviced Facility**

There is a potential for mass retailers, as they move into pre-owned games sales, to exceed the ability of in-store repair units as the volume of pre-owned disc sales increase. EB Games Australia, nationwide, currently repairs an estimated 2000 discs per day at a centralised facility in Brisbane. Ecodisc Ltd intends to take full advantage of this market segment by installing and offering a centralised, high-volume disc repair service to selected retailers.

Typical customers for a centralised service facility include the following branded stores. Ecodisc have also agreed to JB Hi-Fi conducting an in-store trial of the R+ unit in January 2010.



### 3. Products & Services (con'd)

#### ECODISC | RECYCLE

Compact discs and DVDs have a myriad of uses, and will continue to do so in a world where digital media is becoming ever more present. Only a few millimeters thick, they provide hours of entertainment and hold huge volumes of data. But does anyone ever stop to think about how CDs and DVDs are made, what materials are used, or what happens to these discs when they are not wanted anymore? CDs and DVDs are extremely durable and non-biodegradable, meaning that they will last almost forever in a landfill. All discs also contain toxic chemicals and metals that may seep into the landfill over time.

Most businesses and institutions use CDs and DVDs as a method of convenient data storage, and much of this data is confidential in nature; such data must be destroyed securely when it's time to dispose of obsolete records.

Furthermore Disc recycling has never been easy, and in Australia most old CDs & DVDs are simply discarded into general waste. This causes problems with landfill contamination and fails to achieve

an environmentally and socially acceptable outcome for the material. If a disc is 'recycled' in Australia it is usually simply shredded and then exported to China, otherwise the remains are dumped in landfill. The Federal Government is moving to change this practice and an E-waste initiative has been announced recently.

Ecodisc believes the future of waste management in a carbon constrained world will be based on the mandated requirement for much greater levels of resource recovery, especially in the packaged media industry.

It is Ecodisc Limited's intention to position the company as a major supplier that services this need by offering two specific products that guarantee the secure destruction and disposal of discs and the subsequent recycling of these materials. This will thus avoid the current process of disposal by disc shredding and dumping to landfill, giving companies and individual's peace of mind when it comes to disposing of waste CDs and DVDs.

November 05, 2009



## PC recycling free of charge

**AN Australia-wide program to keep computers, TVs and other electronic waste out of landfill will be underway by 2011, with the nation's environment ministers today agreeing to fast-track a landmark product stewardship approach advocated by industry.**

Federal Environment Minister Peter Garrett said householders will be able to drop off outdated

equipment for recycling free of charge, with the new scheme expected to put 80 per cent of all old TVs and computers into recycling facilities by 2021.

"Backed by new Commonwealth legislation, a new industry-run national collection and recycling scheme for the growing mountain of e-waste will be up and running in or before 2011," Mr Garrett said.

"This is a major development which sees manufacturers taking responsibility for managing one of the fastest growing areas of waste, and it will be done at minimal cost to consumers.

"This is a fundamental shift in our approach to waste, complementing broader action on climate change and sustainability."

### 3. Products & Services (con'd)

#### **ECODISC Data Destroyer (EDD)**

Ecodisc will supply equipment and consumables to organisations for the secure destruction of obsolete data discs.

The company will not only benefit from the initial supply of this equipment but also the on-going consumables supplies required to operate the unit. Ecodisc has negotiated a Memorandum of Understanding for the sub-distribution of this technology in the Australian marketplace.

On-premise disc destruction provides the guarantee of secure disposal of data; something that can be achieved quickly and safely via the data destruction unit sold by Ecodisc. Those



#### **ECODISC Data Destroyer unit at a Glance:**

- Patented technology that destroys data on discs to US Federal Government standards (NSA/CSS 04-02)
- Fast and simple 'push button' operation
- Eco-friendly alternative to Disc shredding
- Lightweight and quiet operation, suitable for office environment

who require such facilities include hospitals, government agencies, educational institutions and corporations. This product provides piece of mind to businesses and organizations that must guarantee the safe and secure disposal of any data that is stored on CDs and DVDs.

In Australia it is required by law under specific State and Federal laws that organisations must take reasonable steps to both ensure the security of confidential information contained on CDs and DVDs, as well as to effectively destroy or de-identify any such items when they are disposed of.

#### **Key Features**

##### **Secure & permanent**

The EDD securely and permanently removes digital information and data from all disc formats. All data is eliminated completely and permanently and there is no possibility of forensic recovery.

##### **Meets US Federal Government Specification**

This product has been evaluated by the NSA and meets the requirements of NSA/CSS Specification 04-02 for optical media destruction.

##### **Fast & simple operation**

The EDD incorporates two speed options: Setting one is defaulted to an 18 second cycle time or 180 discs per hour. Setting two is programmable upon request to permit from 90-340 discs to be destroyed per hour.

##### **Eco-friendly**

Installation of an EDD by organisations provides them with an alternative to the environmentally unfriendly practice of disc shredding. All destroyed discs (which remain whole after processing) can easily be collected and then shipped to Ecodisc for recycling.

### 3. Products & Services (con'd)

#### Centralised Recycling Facility/Nationwide Collection Scheme

Ecodisc believe that the procurement and development of Australia's first true secure disc destruction and recycling facility is a significant and compelling strategic objective for the company to implement in 2010. It is anticipated that a centralised facility, which will be Australia's first and foremost packaged media recycling plant, will be located in Sydney and commissioned in the second half of 2010. These plans are contingent on the successful conclusion of licence arrangements for a patented disc recycling process. The discussions for these arrangements are well on their way, and whilst not complete at the time of printing, are showing great promise.

The benefits of few competitors in this niche segment and a growing supply of waste discs (estimated to be over 1 billion discs alone in the Australia over the next 5 years) provides a compelling opportunity for the company. Added to this is the number of waste discs that are simply kept in storage due to an inability to effectively and safely dispose of them; however, it's a number that, whilst almost impossible to calculate, would be considerably high.

#### Further Background Data | E-waste

In the next five years individuals and organisations in the US alone will generate a technology waste stream that includes

- 500 million obsolete PCs
- 740 million used cell phones
- 1.5 billion ink jet cartridges, and
- 10 + billion old CDs and Discs.

In Australia in 2007-08, nearly 17 million old TVs, computers and related products reached the end of their useful lives, but the overwhelming majority - 84 per cent - were sent to the local dump. Only 10 per cent of this equipment was recycled, and the mountain of e-waste continues to grow, heading straight to landfill.

Whilst recycling has gained both consumer and corporate interest over the past decade - as highlighted by the development of Planet Ark and its associated programs

aligned to paper, ink jet and other standard recycling products - a challenge has been highlighted by the recycling of E-Waste and, in particular, media in the form of discs.

This has been reflected recently by the Australian Government's announcement of an Australia-wide program that will keep computers, TVs and other electronic waste out of landfill. This is scheduled to be underway by 2011, with the nation's environment ministers agreeing to fast-track a landmark product stewardship approach advocated by industry.



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The size of the market is reflected in the comments by Australian Greens Party's proposal that indicates a national recycling scheme would grow the industry by \$12 billion, create jobs and reduce greenhouse gas emissions.

"A national container deposit scheme has the potential to create over 2600 new jobs," Greens leader Bob Brown said. "Including other household and office items and e-waste could add a further 4000 jobs."

The Greens' scheme will keep millions of tonnes of e-waste out of rubbish tips, and save millions of tonnes of greenhouse gas emissions.

## 4. Company Background

Ecodisc Limited is a new publicly unlisted company created to group and exploit a range of new and proven technologies for the Australian and global packaged media (CD/DVD/Blu-ray) supply chain. It comprises technology, management and contracts that cover the breadth of the industry across disc manufacture, repair, domestic and international distribution, and recycling.

Specifically the technology and its application will substantially increase the environmental sustainability of an industry where the predominant disc technology has remained largely stagnant for 15 years. It does this in a manner that also provides cost and logistics benefits through mechanisms that can be implemented almost immediately.

As businesses adapt to consumer demands on environmental awareness, Ecodisc is positioning itself to be a major provider to growing markets in information, education, media, movies, and games and their current reliance on environmentally unfriendly CD/DVD/Blu-ray discs.

### Major milestones achieved to date include:

- Secured rights to proven technology for the following products and services;
  - Disc manufacture > The Ecodisc – thinner, greener and recyclable CD & DVD
  - Existing disc repair > R+ Disc Repair units for in-store repair of damaged discs
  - Disc recycling > R+ Disc destruction unit (and collection for recycling), Centralised Disc Recycling: an emerging E-waste opportunity
- Secured contracts for the;
  - Importation of Chinese manufactured Ecodisc to supply the local market prior to local manufacture
  - Australian manufacture of the Ecodisc at Dex Audio, one of Australia's four remaining disc manufacturers

- Exclusive supply (domestic and international) of Ecodisc and R+ Repair units through an internationally branded FMCG digital imaging company. In particular this contract will enable:
  - co-branded Ecodisc hardware and consumables in the new-launch product for February 2010
  - The launch of Ecodisc's suite of products in Officeworks' stores in early 2010. Details of the installation of the new media units are being finalised (with the FMCG) as this document goes to print
  - joint attendance and demonstration of the products at the industry leading Consumer Electronics Show (CES) in January 2010 in Las Vegas, USA and,
  - The launch of our products globally in February 2010 at the Photo Marketing Association (PMA) Trade Show in Anaheim, USA.
- Prepared the business for;
  - Capital raising to fund;
    - installation of Ecodisc manufacturing equipment at Dex Audio
    - working capital to meet supply agreements for the FMCG contracted party
    - creation of a disc recycling program to be aligned to Federal Government E-Waste initiatives
  - A significant marketing campaign aimed at the TV media, Magazine publishing, Newspaper, Music, Movies, Corporate, and Government segments to introduce the products and the environmental and cost benefits of Ecodisc technology.



## 5. Company Strategy

A major marketing campaign will commence in January 2010 to promote the introduction of Ecodisc Ltd and its products and services that offer major cost, environmental and logistics benefits.

The campaign will consist of direct promotions and print and digital media and will target government departments, major newspaper and magazine publications, and media content and distribution companies.

This campaign will promote the following products and activities:

- **Ecodisc** – Sales of Ecodisc in the Australian market will be promoted through a direct print and media campaign targeted at major users of blank and pre-recorded discs
- **REPAIR / R+ unit** – The R+ disc repair station will be promoted at trade shows in conjunction with Ecodisc's global FMCG partner at the following events:
  - The world's largest consumer electronics show - CES 2010 in Las Vegas from January 7th – Jan 10th 2010.
  - The Photo Marketing Association Conference - PMA 2010 in Anaheim from February 21st – 23rd 2010.
- **RECYCLE / R+ On-premise Data Destruction and Centralised Recycling** – the marketing campaign will be seeking opportunities to deploy the on-premise equipment, and to develop (potentially with partners) a centralised recycling business aligned with government E-waste programs.

### Ecodisc Manufacturing and Domestic Sales

To satisfy expected near term demand in early 2010 Ecodisc will contract the offshore production facilities of a certified Ecodisc manufacturer. An initial quote for the supply of pre-recorded content on Ecodisc is under consideration by one of Australia's leading newspapers but has not been finalised at the time of print.

Ecodisc are not planning to establish large and costly sales teams. Rather, sales leads for Ecodisc and R+ products will come from three main sources:



## 5. Company Strategy (con'd)

- 1) The planned marketing campaign,
- 2) From Ecodisc's partnership through the globally branded FMCG Company; The R+ disc repair unit has been built into their latest digital media centre. Also, the R+ has also been approved and listed as a new product in their product database, available for purchase through all channels and by all clients globally.
- 3) Through a joint venture with DEX Audio. Established in 1979 DEX Audio is one of only a handful of recognised Australian packaged media replication factories servicing the estimated 300 million unit DVD market in Australia. DEX provides an extensive range of disc products and services to the Australian and international CD and DVD markets.

Capital raised through this present round will be partly used to upgrade DEX's existing replication lines to the Ecodisc standard. This line is expected to be operational in June 2010 .

Ecodisc believes that local manufacture of the Ecodisc through DEX Audio will be a key driver of sales growth given:

- the ability to respond quickly to increases in demand for the Ecodisc
- Government and educational institutions have a preference for purchasing local supplies of goods and services that can be obtained at a cost comparable to imports.

In addition, DEX currently has the contract to supply in Future Publishing, Australia, which is an international special-interest media group distributing over 180 publications, as well as managing websites and events. Future Publishing distribute a lot of discs with their publications and their parent company. Future PLC in the UK, have signed a contract with the original EcoDisc technology creators Ecodisc Tech AG (Europe) to migrate their disc usage to the Ecodisc format. Whilst not certain, it is possible that Future Publishing Australia may follow their parent company practice and also seek to migrate to environmentally friendly and cheaper Ecodisc. Local manufacture of the Ecodisc at DEX's facilities would allow this change to occur, provide Ecodisc Limited with additional revenue, and a strong indication of the industry trend towards environmental sustainability.

### CASE STUDY | AN IN-DEPTH LOOK AT ECODISC

The DVD as we know it has become the standard medium for data storage in the world's consumer markets. Relying on its favourable cost/capacity ratio, the standard DVD has remained largely unchanged since its invention in 1993.

While the need for cutting oil dependency, minimizing energy consumption and carbon dioxide (CO<sub>2</sub>) emissions has reached global consensus, the standard DVD in its rigid format has very little to offer to meet these goals. On the contrary, it depends on a non-biodegradable, toxic resin to bond the two halves a DVD is constructed from.

The Ecodisc has been engineered with its impact on the environment in mind. Using today's materials and technological processes, the Ecodisc has all the advantages of a standard DVD with the same capacity, playability, optical and electrical properties. The Ecodisc is not only thinner, lighter and more flexible than a standard DVD, it is also entirely free of toxic binder.

### The difference becomes clear when you look at the Ecodisc carbon footprint

In comparison to the standard DVD the Ecodisc consists of 50% less polycarbonate, an oil derivative used as the main material to form the disc. By halving the amount of raw material, the manufacturing of the Ecodisc also needs 50% less energy in production. Taking all influencing factors into account, using Ecodisc instead of standard DVDs effectively reduces CO<sub>2</sub> emissions by 52%.

### But it's not just the carbon footprint that is smaller...

The thinner Ecodisc reduces the transport volume from factory to the consumer and thereby reducing freight cost and conserving fuel. The Ecodisc increases warehouse storage capacity and its lighter weight saves on postage. Its flexibility guarantees stronger durability when it is being handled, packaged or mailed to consumers. And ultimately when it comes to the end of its life cycle, the Ecodisc can be easily recycled thanks to the absence of any toxic binder.

## 6. Marketing Strategy

As the provider of new, environmentally preferred products to an existing industry, Ecodisc Ltd's marketing materials and strategy will be created to:

- Drive the Ecodisc brand awareness – a direct driver of growth and sales
- Ensure uptake of the correct Ecodisc brand values – an indirect driver of growth and adoption

### Driving Ecodisc Brand Awareness

The following activities will be undertaken beginning January 2010:

- A high touch marketing strategy based on outbound calls and direct marketing activities to distributors currently distributing pre-recorded media through their publications. This particularly includes News Corporation, PBL, Fairfax Media, and Future Publishing.
- Sales and marketing support for Ecodisc's local manufacturing and distribution partner DEX Audio will ensure a high profile promotion of the Ecodisc suite of products and services through DEX's sales force.
- Joint promotion with our global FMCG channel partner and sales and marketing support for their international sales teams
- Implement a strategic campaign to build awareness in Australian Federal and State Government regarding the availability and impact of Ecodisc's products across the whole of life use of packaged disc media. This is expected to lead to direct sales and additional high level involvement in the developing E-waste initiative. Key departments include the Australian government Office of Sustainability, and Department of the Environment, Water, Heritage and the Arts.

### Driving Ecodisc Brand Values

The following activities will be undertaken beginning January 2010

- Appoint a PR Company to assist with the development of the correct positioning and profile of the company and its products.
- Develop a strategy to maximise all PR opportunities for Ecodisc and their client packaged media companies by focussing on key messages;
- Reduced CO<sub>2</sub> emissions and environmental footprint for packaged media clients.
- Ecodisc reduces costs for packaged media clients by reducing resource and energy consumption in the package media life cycle.
- Ecodisc provide clients with increased creativity through new Ecodisc Ltd products and services that are environmentally friendly and cost effective.
- Ecodisc provide packaged media clients with an improved sustainability image and reputation by nature of their association with Ecodisc.

## 7. Competitors

No other organization within the media disc industry, either in Australia or globally, brings together such an innovative, cost effective and environmentally sustainable group of technologies.

The products are original, patented and market-leading in their own right with few alternatives other than the current unsustainable and eco-unfriendly practices. No other businesses have the patents, proven business models and a long history of sales that Ecodisc has to provide the industry with the assurance to move into eco-friendly operations. Additionally, Ecodisc's strong business model gives potential contractual partners the ability to confidently alter their operations to use Ecodisc products and services.

The most significant barrier to adoption of Ecodisc products is the company's position as a "relative newcomer" in the media disc industry. However, with a marketing campaign due to be launched that will espouse the economic and environmental advantages of the company's products and services, and support from Ecodisc's Global FMCG Company, the Board of Directors believe that the business is set for a period of rapid growth.



## 8. Financial Projections

The principle revenues of Ecodisc are to be derived from three specific channels of execution in the Packaged Entertainment market: Ecodisc sales, R+ sales and Disc recycling revenues. The key drivers of revenue in each of these segments are:

- **REDUCE:** Revenue received through the supply of both Pre-recorded and Blank CDs and DVDs through both Australian and FMCG channels globally.
- **REPAIR:** Revenue received through the sale of both R+ CD/DVD/Blu-Ray Repair equipment and consumables in Australia, and exclusively through FMCG channel globally.
- **RECYCLED:** Revenue received through the collection, security destruction/processing and recycling of both Pre-recorded and Blank CDs, DVDs and Blu-Ray media.

### FINANCIAL PROJECTIONS

The budgeted Profit/Loss for the period commencing January 1st 2010 and concluding on December 31st 2014 is projected to be \$6,096,084 and in detailed below.

#### Summary of Financial Projections

\$	2010	2011	2012	2013	2014
Revenue	\$754,692	\$1,393,250	\$2,034,215	\$2,810,741	\$3,476,141
Expenses	\$264,641	\$431,792	\$543,888	\$580,540	\$629,483
EBIT	\$446,051	\$873,458	\$1,358,327	\$2,054,201	\$2,626,658
Free cash flow	\$356,236	\$699,420	\$1,082,829	\$1,613,941	\$2,058,661

The EBIT forecasts will be achieved predominantly through growth in the sale of disc media and R+ disc repair stations both in Australia and internationally through exclusive FMCG channels. The Directors believe these estimates to be conservative given the underlying assumptions made in the projections and the scalability achievable through a successful FMCG sales channel.

The financial projections provided above have been prepared by management and the Board and are based on the following assumptions:

#### Revenues

Ecodisc:

- Pre-recorded and CD and DVD sales growing to an anticipated 8 million discs by calendar end 2010. This forecast is quite conservative given the total size of the Pre-recorded DVD market in Australia (estimated to be over 300 million units p.a.)
- Forecasts reflect sales of currently available products only. No inclusion has been made of forecasts for sales of soon to be released products including the Ecodisc DVD9 (full length feature film DVD) or Ecodisc Recordable DVD & CD.
- Revenues have been shown net of associated licence fees, royalties, commissions and other fees payable to technology and equipment suppliers

R+ Disc repair stations

- Sales of the R+ disc repair station assuming that the FMCG secures only one or two supply contracts with Australian customers such as Myer, Officeworks, and The Good Guys
- Forecasts for 2010 only encompass FMCG contracts that are currently in negotiation in Australia. No forecasts have been included for the international sales opportunities that are expected to be generated through the supply of the Digital media unit to the FMCG's current customers globally.

Recycling

- As this business remains in the planning and development stage and may involve both licence agreements and strategic partner negotiations and potentially Research & development expenses, the Directors feel that forecasted revenue and income from this business unit remains highly speculative and incomplete. Accordingly no material revenue or expenses have been included in the operating forecasts.

#### Expenses

With further R&D costs covered by licence holder partners, and joint venture manufacture or importation of discs and equipment, and with the majority of the sales and marketing to be outsourced through established channels, the majority of Ecodisc expenses relate to company administration, some account management, and promotional activity.

## 9. Board of Directors and Management

The board of Ecodisc comprises some of the most experienced and knowledgeable management in the media, franchise and distribution fields. Their combined skills and understanding of the market and its potential will help establish and guide Ecodisc as an originator in the digital media supply, repair and recycle industries.



**Peter Scicluna**  
Chairman and Executive Director

Peter has over 15 years experience in the DVD entertainment industry and has overseen the rapid development of Australia's most popular movie rental franchise chain, Video Ezy. As Chief Operating Officer he was responsible for increasing the number of Video Ezy stores, taking its a market share from five percent to 36 percent in a 10 year period. Peter will be responsible for the strategic alignment of Ecodisc's business direction and ensuring compliance with all regulatory reporting requirements.



**Glen Whiteman**  
Managing Director

Glen brings to Ecodisc 15 years experience in key roles in the area of wholesale distribution, including ownership of multi-store Shell retail franchises. He has successfully developed and launched Discstation Australia, supporting over 500 retail and wholesale customers in Australia and New Zealand. Glen will provide business management and overall development of the Ecodisc business across its three sales channels and will facilitate the key partners to support the launch of Ecodisc in Australia.



**Tony Quinn**  
Non-Executive Director

Tony has 20 years experience in key retail roles internationally and in Australia including Director and Operations roles at Kodak, Telstra, and Sanity. He has been a pioneer of digital music kiosks in Australia through Sanity and Fuji and has successfully tendered and developed Windows Media Player Active Store for Microsoft in Australia.



**Jeff Beaumont**  
Non-Executive Director

Jeff has a strong finance and marketing background that has been honed through working on a number of entrepreneurial projects. These include founder and CEO of Tandem Corporate, Chief Executive Officer of Global Digital Networks, and founding or management roles with Moneywatch and the Icons Media Group. His entrepreneurial experience spans over 25 years including 10 years in the self-service kiosk business. Jeff brings to Ecodisc an extremely in-depth understanding of the media market and will preside over the Finance and Audit Committee for the company.

## 10. Corporate Governance/ Continuous Disclosure

The Company has adopted sound practices of corporate governance. A process of continuous disclosure has been adopted relevant to keeping Directors, management, Shareholders and potential investors informed. In all the Company does, it is cognisant of subsequent requirements for due diligence in the event of a future merger, trade sale, takeover or listing. Investors in Ecodisc Limited are invited to undertake their own due diligence of the Company, its management and the Company's products or services, subject to signing a Confidentiality Agreement. Enquiries should be made to the Company directly.

## 11. Financial Reporting to shareholders

Ecodisc Limited will ensure that in accordance with its duties under the Act, quarterly financial information will be made readily available to the Board and its Shareholders. The Company will produce an annual investor report incorporating Profit & Loss, Balance sheet, Cash Flow and Operations Report in accordance with International Financial Reporting Standards (IFRS). The Company's quarterly report will also be made available on the Company's 'Issuer Page' of the ASSOB website at [www.assob.com.au/edl](http://www.assob.com.au/edl)

## 12. Company Incorporation

Ecodisc Limited was incorporated as an unlisted public company on 15th October 2009. Ecodisc Limited has a single wholly owned subsidiary, Ecodisc Pty Ltd through which some of its business including the relationship with the Global FMCG Company is operated.



## 13. Purpose of Capital Raising

The Company is seeking to raise an amount of \$500,002 through an issue of Ordinary Shares for the principal purpose of launching the Company, installing Ecodisc media replication equipment, prepare the recycling business and contribute to working capital for the business. The capital raising is being undertaken through this Offer Document in accordance with the capital raising provisions pursuant to section 708 of the Act. When all of the Shares on offer are taken up, the \$500,002 would represent an equity stake in the Company of approximately 18.0%.

## 14. Minimum Subscription Requirement

No Shares will be issued pursuant to this Offer Document until Minimum Subscription has been reached. The minimum amount sufficient to commence the implementation of the immediate business planning objectives of the Company pursuant to this Small Scale Offering is \$100,000. This will allow the business to implement its comprehensive marketing campaign, provide working capital for orders from the Global FMCG Company channel and for outsourced imports of Ecodisc from an international manufacturer, and begin the installation of equipment for local manufacture of the Ecodisc.

Once Minimum Subscription has been reached, Shares allotted pursuant to this Offer Document will be issued and monies held in Trust will be allocated and released for the benefit of the Company. It will take up to ten (10) business days to process Share Application Forms ("Applications") and Application Monies through the Trust Account and thereafter the Company will issue certificates to Shareholders which set out the number of Shares issued to each Shareholder pursuant to this Offer Document.

In the event the Minimum Subscription amount is not met within four (4) months of the Opening Date, then any monies so far subscribed will be refunded to Investors in full and without interest and this offer will be withdrawn from the Board, pending further action from the Company.

## 15. The Offer

Two Rounds of funding have been anticipated in this Small Scale Offering.

The Company will offer for sale a total of 10,416,700 (Ten Million Four Hundred Sixteen Thousand Seven Hundred) Ordinary Shares at an issue price of \$0.040 cents in Round 1 and \$0.060 cents in Round 2 which, when sold is intended to provide the required \$500,002.

The raising is expected to provide investors with a maximum amount of 18% equity in the Company.

However, before making any investment, investors are advised to take their own independent accounting, taxation, legal and any other advice they or their circumstances may require in considering an investment in Ecodisc Limited. No person mentioned in this Offer Document will offer, or may be construed as offering advice to any potential investor in Ecodisc Limited.

Any further capital raising will be wholly contingent upon the Company's Round 1 and Round 2 capital raising being fully subscribed although the Company does not anticipate the need to raise further capital at this time.

Should the Company elect, at its sole discretion, to offer Securities for a Round 3 to remaining concessions covered by s708(1) of the Act or to any sophisticated, professional or other excluded investors pursuant to section 708 of the Act any such Offer may be made through a Supplementary Offer Document or an Investment Memorandum. Should there not be any sophisticated, professional investors or remaining concessions, an additional Round/s may be made under full disclosure.

Please note that at any stage of the capital raising process, the pricing of the securities provides investors with a guide only and the price paid for securities will always be a matter for negotiation between the parties. The Company makes no representation about the underlying value of securities on offer. Prospective investors must make their own assessment about whether the price of the securities on offer represents fair value.

## 16. Implied Capitalisation

Upon completion of the Company's capital raising objectives, at the close of Round 2, Ecodisc Limited would have a conservative implied capitalisation of approximately \$3,472,233.

## 17. Use of Proceeds

The capital raised through this Offer will be used by Ecodisc Limited to fund the growth of the Company in accordance with the following use of funds schedule. The schedule is an indication of the performance milestones expected to be met by the Company in this Offer. The investor money held in trust will be released to the Company upon reaching minimum subscription levels. The individual amounts in the table may be subject to variation.

Round 1 Funding		
	Incremental Staff costs	\$60,000
	Upgrade DEX Audio Plant to Ecodisc CD / DVD5 specifications	\$125,000
	Direct marketing campaign to major consumers and distributors of disc media	\$10,000
	Reserve for growth opportunities and working capital	\$28,000
	Cost of Raising Funds	\$27,000
	<b>Total</b>	<b>\$250,000</b>
Round 2 Funding		
	Ecodisc Centralised Recycling Plant	\$100,000
	Increase in Staff	\$70,000
	Reserve for growth opportunities and working capital	\$50,000
	Cost of Raising Funds	\$20,000
	<b>Total</b>	<b>\$250,000</b>
<b>TOTAL FUNDS RAISED FROM Round1 and Round 2</b>		<b>\$500,000</b>

## 18. How to Apply for Shares

An Application to subscribe for Shares pursuant to this Offer may not legally be included in this Offer Document and any interested investors are to request an Application from the person whose name and contact details appear at the end of this Offer Document at Section 35.

The Offer made pursuant to this Offer Document is made only to the addressee of the Offer and only the addressee may complete the Application and subscribe for the Shares offered pursuant to this Offer. To that extent, neither the Offer Document nor the Application may be handed to any member of the public.

Applications should be for an average minimum parcel of 625,000 shares or \$25,000 in Round 1 and 416,670 shares or \$25,000 for Round 2. A completed Application must be accompanied by a single payment in the full amount as per instructions on the Application form.

For Overseas Investors, a completed Application must be accompanied by a telegraphic transfer (TT) receipt or electronic funds transfer (EFT) receipt, made payable to the Trust Account nominated on the Application. All funds sent from overseas, when converted to Australian dollars, must be the same Australian dollar amount inserted in the Application – clear of bank fees. Funds must arrive as a single deposit for the full amount with the three letter ASSOB Code reference, plus the investor name and date of transfer.

Application Monies for Shares offered pursuant to this Offer Document will be held in trust until allotment of those shares (subject to reaching the prescribed Minimum Subscription requirement).

For sophisticated investors who, pursuant to s708(8)(c) of the Act, are able to provide a certificate from a qualified accountant and for other excluded investors under s708 of the Act, the subscription amount is limited by the total number of Shares to be raised through this Offer Document.

The Directors reserve the right to accept any Application in full, accept any lesser number of Shares, or decline any Application. Applicants must not assume that the Shares they apply for, or any number of Shares, will be issued to them in response to their Application and before dealing in any Shares, Applicants must satisfy themselves as to their actual holding of Shares.

In the event any Application is rejected, in whole or in part, the relevant Application Monies will be refunded to the investor in full without interest. Where the number of Shares issued is less than the number applied for by the Applicant, the surplus Application Monies will be refunded by cheque within thirty (30) days after the Closing Date. Where no Shares are issued, Application Monies will be refunded to the investor in full by cheque within thirty (30) days of the Closing Date.

The Company will issue certificates to Shareholders once Minimum Subscription has been reached and Shares have been allotted, which sets out the number of Shares allocated to each Shareholder pursuant to this Small Scale Offering. Should there be any change to an Applicant's holdings, a new certificate will be provided upon delivery to the Company of the original certificate for cancellation.

## 19. Opening and Closing Dates

The Opening Date of this Small Scale Offering is 20th January 2010 at 9am ESDT and the Closing Date will be 19th January 2010 at 5pm ESDT, unless fully subscribed earlier. The above date is indicative and subject to change. Ecodisc Limited reserves the right to change the dates and times of the Offer without notice, whether fully subscribed or not. Ecodisc Limited also reserves the right to extend the closing date for Applications without prior notice. Prospective investors are encouraged to submit an Application for Shares as early as possible.

## 20. Average Investment per Investor

The average investment per investor is \$25,000 in Round 1 and \$25,000 in Round 2, which may be negotiated between the Company and the Applicant.

## 21. Average Shareholding per Investor

The average parcel of shares available per investor is 625,000 Ordinary Shares at \$0.040 cents in Round 1 at \$25,000 per investor and 416,670 Ordinary Shares at \$0.060 cents in Round 2 for \$25,000 per investor, which may be negotiated between the Company and the Applicant.

## 22. Limited Liability

In accordance with the Act, the liability of shareholders is limited to the fully paid value of the shares held. If partly paid shares are held and a call is made, the holder is liable to pay the call. An investor taking up shares in a company knows from the outset the extent of their individual liability and should seek appropriate professional advice to determine in the investment is suitable. Ecodisc Limited does not intend to issue any partly paid Shares.

## 23. Ownership Structure

The Directors, present owners and existing shareholders have invested considerable money, time and effort in research, development, intellectual property, contracts, processes and systems of the business to achieve this stage of the Company's development. For this contribution they will retain 82.00% of Ecodisc Limited from the outset.

## 24. Dividend Policy

The initial objective of Ecodisc Limited is to obtain sufficient working capital to enable it to fully develop its strategic business plan. The ability of Ecodisc Limited to pay and the amount of any dividend in the future is dependent on many factors, including its future capital and research and development requirements and the financial position generally of Ecodisc Limited at the time. Many of the factors that affect the ability of the Company and the timing of those dividends will be outside the control of Ecodisc Limited and its Directors. The Directors cannot give any assurance regarding payment of dividends in the future.

## 25. Exit Strategy – Am I able to sell my Shares?

Generally, an unlisted public company's shares can be traded through the company's share register (subject to any preemptive rights agreement or escrow restriction agreement). A shareholder may transfer by proper transfer or by an instrument in writing in any form authorised by the Act or in any other form that the directors may approve. The directors may only decline to register any transfer in circumstances where the transfer is not in a registrable form or where the Act provides or would require that the registration be refused. All share transfers and documentation relating to the transfer of shares must be documented in the company's share register and lodged at the company's registered office.

The Shares in Ecodisc Limited are freely transferable in accordance with the provisions of the Constitution and the Act. However, as Ecodisc Limited will not be listed on a stock exchange it is unlikely that there will be an immediate market for the Shares. To that extent, the market for ordinary shares must be considered to be illiquid and likely to remain illiquid until such time, if at all, the Company lists on a stock exchange or is taken over by a company listed on a stock exchange.

## 26. Escrow Provision

The original founding shareholders have entered into a voluntary restriction agreement with Ecodisc Limited whereby the existing nominated shareholders agree that they will not transfer, sell or otherwise dispose of any more than 10% of each founder's shareholding for a period of twelve (12) months from the date on which the Company obtains any new investors onto its share register resulting from this Offer. A copy of the Voluntary Escrow Restriction Agreement is available to any interested party upon request to the Company.

## 27. Creation and issue of Further Shares

The issue of Shares is under the control of the Directors of Ecodisc Limited. Subject to restrictions on the allotment of Securities to Directors or their associates contained in the Act, the Directors may allot or dispose of other Shares on such terms and conditions as they see fit. To obtain a definitive assessment of rights and liabilities which attach to this Offer, Shareholders should obtain a copy of the Company's Constitution and seek their own independent legal and accounting advice.

## 28. Other Company Information

### a. Material Contracts

The following are material contracts, agreements and MoU's held by Ecodisc Limited and which are important to the current and future successful operation of the business.

These agreements can be made available to bonafide investors under executed confidentiality agreements at the sole discretion of Ecodisc Limited.

### Technology Supply Agreements

Ecodisc Technology AG through Ecodisc Marketing Limited

- Appointing Global Digital Resources Pty Ltd (GDR, a 100% subsidiary of Ecodisc Limited) as exclusive distributor for the Ecodisc product for Australia and for the FMCG Company previously referred to and for other global partners introduced and managed by GDR. Term is unlimited and GDR are not required to meet any performance time threshold.

R+ Disc repair technology through ELM Inc. (Japan)

- Appointing Global Digital Resources Pty Ltd (GDR, a 100% subsidiary of Ecodisc Limited) in a 3 + 3 year exclusive distributor of the disc repair product, globally, for territories marketed by the FMCG Company

ECODISC Data Destroyer

- An Memorandum of Understanding has been negotiated for sub-distribution of this technology in the Australian marketplace. This will require amendment into a contractual agreement on further development of the Ecodisc recycling business

### Corporate, Relationship, and Distribution Agreements

Ecodisc Limited will seek to grow its business in Australia directly with

major manufacturers, distributors and users of disc media. Ecodisc Limited also enjoys the benefit of a relationship, captured in an agreement that allows it to provide Ecodisc equipment and technology into a global marketplace through an internationally branded FMCG Company.

Ecodisc Limited, through 100% subsidiary Global Digital Resources Pty Ltd (GDR) services the global opportunity through a Global Digital Networks Pty Ltd, the holder of the contracts for supply with the FMCG Company. Accordingly there are contracts in place between GDR, GDN and the FMCG Company that detail the arrangements. Key terms of these agreements include:

- Global Digital Resources (GDR) a wholly owned subsidiary of Ecodisc Limited has a contract with Global Digital Networks (GDN) valid for 3 years expiring November 2012. GDN has an exclusive and confidential global agreement with FMCG Company for 3 years valid until November 2012 to supply Software, Hardware, Consumables and Services. Annual targets for purchases form part of this agreement between both GDN and GDR. The contract between GDR and GDN grants the following key rights to GDR;
  - a. GDN wishes to utilise the services of GDR for sourcing and securing hardware, consumable products and services that are often sourced under exclusive global license, i.e. Ecodisc CD and DVDs, and R+ disc repair station
- GDR has agreed to supply the hardware, consumable products and services to GDN.
- GDR appoints GDN as its non-exclusive agent, among other things, to supply to FMCG Company as part of its global FMCG Company Agreement GDR hardware, consumable products and services to generate certain revenues generated by or in connection with the the global roll-out of a new integrated media product.

## 28. Other Company Information (cont'd)

Additionally, a 5 year expiry put option agreement is also in place between GDR and GDN that allows the FMCG Company business transacted through GDR to be sold into GDN to facilitate the future potential stock market listing of GDN. This provides for compensation to Ecodisc Limited on terms based on profitability and predefined multiples. The Directors of Ecodisc Limited consider this agreement to provide a potential short-to-medium term potential return to Ecodisc, at a favourable minimum valuation above traditional industry trade sale multiples and with a potential upside consistent with the listing multiple of the business into which this activity is sold.

Company contracts can be made available to potential investors for inspection, subject to a binding Non Disclosure Agreement being executed,

DEX Audio: this Joint venture marketing & Equipment supply agreement is due to be formalised as upon completion of installation of Ecodisc line upgrade kit. This is planned to occur before 31st March 2010.

### **b. Employee Share Ownership Participation Scheme**

The Company wishes to disclose that in the future, it may establish an Employee Share Option Plan (ESOP) in order to attract and retain key personnel. The scheme will be subject to the obligations set out in the Act.

**c. Constitution** – the Constitution limits the liability of the Company's Shareholders. It also contains the internal rules of the Company and defines matters such as the rights, duties and powers of directors and shareholders. In subscribing for Shares you will be bound by the Constitution of Ecodisc Limited, a copy of which will be provided (free of charge) to any interested party upon request to the Company.

### **d. Website**

The Company has set up a web site at [www.Ecodisc.com.au](http://www.Ecodisc.com.au) for the marketing and promotion of its products or services and is continually adding to and updating the site as the business develops.

### **e. Litigation**

The Company is not engaged in any litigation.

### **f. Risk factors**

Investors are invited to investigate the quality of the Company's products or services and its contractual agreements, some of which may require a Non Disclosure Agreement to be executed. The Directors are quietly confident that the funds being sought will enable the Company to capitalise a new phase of activity.

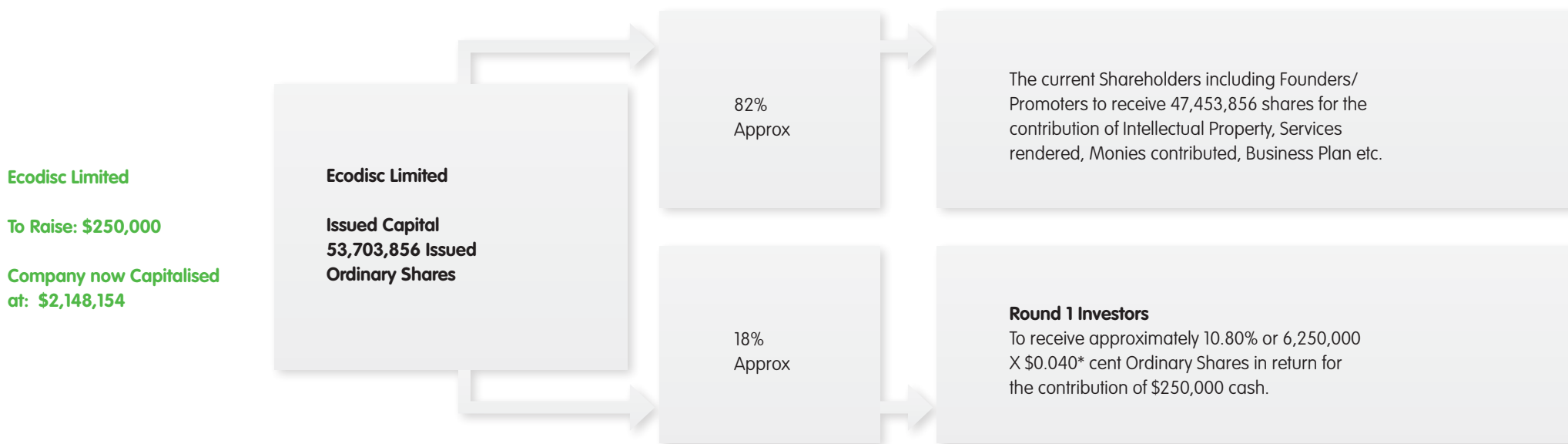
Some of the general risks faced by the Company include the unexpected development of radical new technologies, managerial and human resource problems, unexpected litigation and general economic fluctuations. Risk reduction strategies will be implemented where possible. Prospective investors should consider whether unlisted shares are an appropriate investment and, if in any doubt, should contact their accountant, financial planner, solicitor or other professional advisor.

## 29. Risk Analysis

RISK	MITIGATION
Ecodisc not accepted by Publishers and distributors of packaged media.	Already strong track record of Ecodisc adoption in the U.K. & Europe, with a contractual commitment made by Future Publishing UK, which also has office in Australia. The Directors feel that this risk has a low probability.
Ecodisc plant upgrade with DEX Audio is not able to be undertaken due to type and nature of existing equipment.	This project remains on track and the Directors consider it highly unlikely that the plant is not able to be integrated successfully on time and budget. A worst case scenario sees Ecodisc purchasing its own 2nd hand CD line from the overseas market.
Inability to gain traction with FMCG for retailer acceptance of Optical Disc Repair equipment.	The ready acceptance in retail channels for the FMCG offering including Ecodisc equipment has already driven acceptance of this product in global retail channels. The Directors consider the upside to be significant in this market but have not yet accounted for this upside in the presented financial projections.
Inability to source competitively priced CD/DVD recycling equipment.	The number CD/DVD recycling equipment specialists is increasing, especially in the Asian market and Ecodisc are well progressed with equipment supply discussions. Additionally, the market leading role that Ecodisc is taking in Australia makes Ecodisc the first choice for securing equipment supply when needed.

There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements will eventuate. Accordingly, an investment in the Company should be regarded as highly speculative. This information does not purport to be a comprehensive statement of all risks; an investor should seek and obtain professional advice prior to deciding whether or not to invest in Ecodisc Limited.

### 30. Round 1 – Strategic Growth Plan (SGP)



**Share Pricing - Round 1:**

Ordinary Shares on offer:	6,250,000
Pricing per share:	\$0.040
Total Proceeds to the Company:	\$250,000

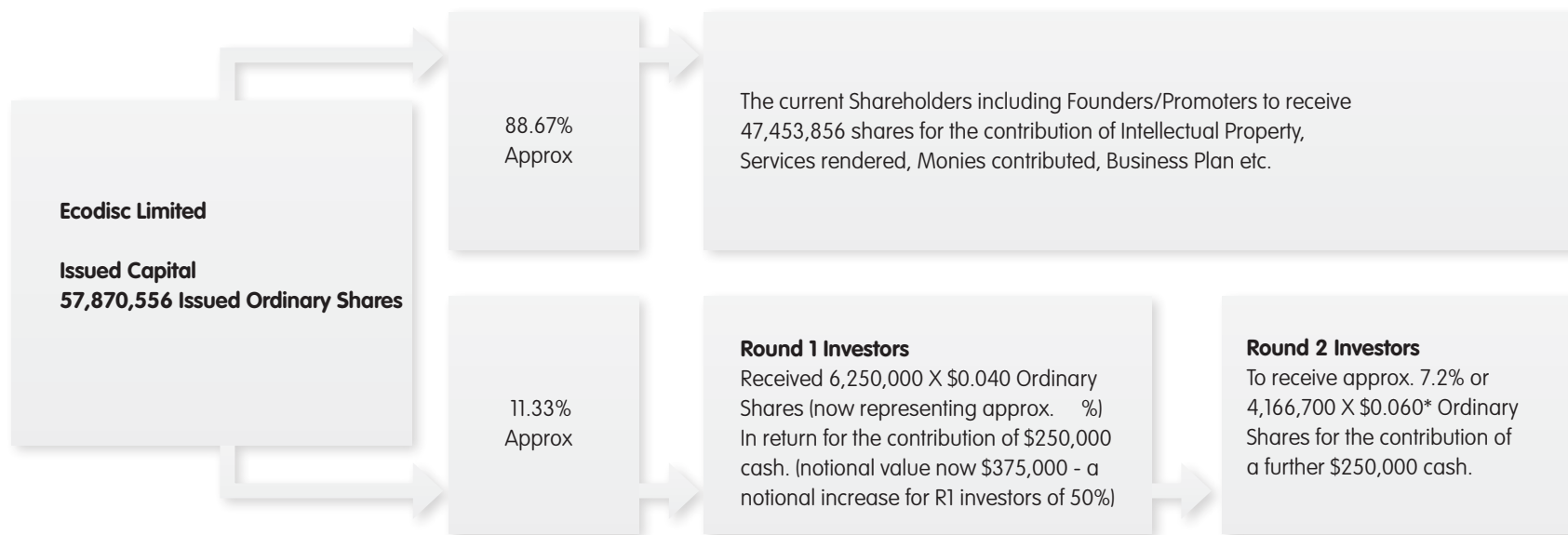
**Investor Notes:**

The stated capitalised value should not be construed as being a valuation of the Company. This figure is solely obtained by multiplying the quantity of Shares on issue by the current Offer price of this Round, i.e. Total Amount of Issued Capital x Share Price.

In any Round of capital raising being undertaken, the pricing of the Securities provides investors with a guide only and the price paid for Securities will always be a matter for negotiation between the parties. The Company makes no representation about the underlying value of Securities on offer. Prospective investors must make their own assessment about whether the price of the securities being offered represents fair value.

### 31. Round 2 – Strategic Growth Plan (SGP)

**Ecodisc Limited**  
**To Raise: \$250,002**  
**Company now Capitalised at: \$3,472,233**



**Share Pricing - Round 2:**

Ordinary Shares on offer:	4,166,700
Pricing per share:	\$0.060
Total Proceeds to the Company:	\$250,000

**Investor Notes:**  
 The stated capitalised value should not be construed as being a valuation of the Company. This figure is solely obtained by multiplying the quantity of Shares on issue by the current Offer price of this Round, i.e. Total Amount of Issued Capital x Share Price. In any Round of capital raising being undertaken, the pricing of the Securities provides investors with a guide only and the price paid for Securities will always be a matter for negotiation between the parties. The Company makes no representation about the underlying value of Securities on offer. Prospective investors must make their own assessment about whether the price of the securities being offered represents fair value.

## 32. Cooling off Period

Please note that if an investor enters into a contract to purchase shares from the Company within five (5) business days from attending an Investor Meeting, the investor can cancel (i.e. void) the contract without penalty or forfeiture. In the event the investor exercises this right, written notice must be provided to the Company within ten (10) business days from the date of the Meeting.

## 33. Legal Jurisdiction

This Offer Document does not constitute an Offer of Securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Offer Document or make the Offer. It is the responsibility of any Applicant outside Australia to ensure compliance with any laws relevant to their Application. Any such Applicant should consult professional advisers as to whether any government or other consents are required or whether any formalities need to be observed to enable them to apply for and be allotted any Securities. No action has been taken to register or qualify the Securities or the Offer or to otherwise permit a public Offering of the Securities on offer in any jurisdiction outside Australia.

## 34. Glossary of Terms

This glossary of terms is provided to assist persons in understanding some of the expressions used in this Offer Document

**\$** means Australian dollars

**Applicant** is used interchangeably with **INVESTOR** and means a person who applies for Shares in accordance with this Offer Document

**Application** means a valid application to subscribe for Shares offered under this Offer Document

**APPLICATION MONIES** means monies received from an Application in respect of an Application

**ASIC** means Australian Securities & Investment Commission

**AUSTRALIAN SMALL SCALE OFFERINGS BOARD** means the Internet-based bulletin board for small scale offerings operated by Australian Small Scale Offerings Board Limited (ABN: 109 469 383) at [www.assob.com.au](http://www.assob.com.au)

**Board** means the board of directors of the Company duly appointed in accordance with the Company's Constitution

**Class Order** means the Class Order 02/273 Business Introduction or Matching Services as prescribed by ASIC

**Capitalised Value** means the quantity of shares on issue by the current offer price of the round

**Closing Date** means twelve months from the Opening Date of the Offer Document

**Company** means the entity as shown on the front cover of the Offer Document

**Constitution** means the constitution of the Company and all the amendments thereto

**Corporations Act** or the **ACT** means Corporations Act 2001(Cth) including the Corporations Regulation 2001 (Cth) as amended from time to time

**Directors** mean the directors of the Company

**Issuer Page** means the Company's profile page as displayed on the ASSOB website

**Investor Meeting** means a meeting between the Company and potential investors which is organised for the purpose of investing in an Offer listed with ASSOB and conducted by the Company and ASSOB or its accredited Consultant and not held at premises of any potential investor

**Minimum Investment** means the average minimum parcel of shares available to an investor pursuant to this Offer Document

**Minimum Subscription** means the minimum amount sufficient to commence the implementation of the immediate business objectives of the Company as described in this Offer Document

**New ISSUE** means Shares to be newly issued pursuant to this Offer Document

**Offer Document** means this document dated [redacted] as modified or varied by a Supplementary or Replacement Offer Document made by the Company

**Opening Date** means the opening date of the Offer as shown on the front cover of the Offer Document

**Ordinary Shares** means ordinary fully paid shares in the capital of the Company

**Overseas Investor** is an investor that is domiciled overseas

**Sophisticated and Professional Investors** means those terms ascribed under Sections 708(8) and (11) of the Act

**Secondary Sale Offer** means a transfer of securities by individual Shareholders in the Company

**Small Scale Offering** means offers to issue or sell securities or scheme interests made under Section 708 of the Act 2001

## 35. Who to Contact

If after reading this publication you wish to undertake further investigation or receive an Application to subscribe to the Offer, please contact:

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## 36. Directors Declaration

The Directors of Ecodisc Ltd. have made reasonable enquiries to ensure that there is no material statement in this Offer Document which is false or misleading. They have also made reasonable enquiries to ensure that there is no material omission from the Offer Document. The Directors have been at pain to ensure that any figures or references made in this document have a firm foundation with supporting evidence, that will be made available upon request. In addition the Directors have authority to use all names quoted in this document. The Directors report that, as of the date of signing, after due enquiry by them, they have not become aware of any circumstances that in their opinion materially affects or will materially affect the assets and liabilities, financial position, profits and losses or prospects of Ecodisc Ltd. other than those set out in the Offer Document.

The issue of this Offer Document was authorised by a resolution of the Directors.

## Disclaimer

The Issuer has supplied the content (text, pictorials, diagrams and photographs) contained in this Offer Document. Australian Small Scale Offerings Board Limited ACN 109 469 383 and its related subsidiaries present the Offer Document on its website in good faith believing the content to be true, but makes no representations as to its accuracy. Prospective investors are urged to make further enquiry about this investment, as well as seek appropriate professional advice before investing.

## Appendix 1

The Ecodisc technology was created by Ecodisc technology AG, a German research group. Ecodisc Limited has exclusive rights to distribution of the technology within Australia and globally through certain channels but have no involvement in the research and development of the technology. Accordingly, we feel this interview with the CEO of Ecodisc tech AG, Wilhelm Mittrich provides a good understanding of the historic development and future of the platform Ecodisc technology.



### What's next for Ecodisc?

**Edited Interview with Ecodisc Tech AG CEO, Wilhelm Mittrich**

Full-version: <http://www.dvd-intelligence.com/display-article.php?article=755>

#### **INTERVIEW: Rising to the green challenge - a thinner disc**

Technological advances, ecological awakening, retailers' green policy and government regulations coalesce to making carbon footprint-busting discs an ever more attractive proposition. WILHELM F MITTRICH, CEO of Ecodisc Technology, explains the concept and identifies the market opportunities.

#### **Why and when did you move into the thin disc territory?**

It daunted on me back in 2006 that if you are in this business you couldn't simply manufacture the same disc over and over again. You have to look forward and that meant engaging in R&D and new products. I met the inventors of what was formerly called TVD (thin DVD). I thought it was an interesting idea to develop a DVD that uses less polycarbonate, less energy, and produce less carbon emissions. It took the inventors about a year to develop a better product that was to become the Ecodisc. It was put on the market in the summer of 2007 and since then tens of millions of these Ecodiscs have already been sold.

From the initial launch we have substantially improved the Ecodisc, with six patent applications pending in the United States and four in Europe. The first European patent has just been granted in October.

In September 2007, the UK newspaper Mail on Sunday distributed 2.6 million Ecodiscs as cover-mounts on one Sunday, pressed by ODS at that time. On the following day we were anxiously awaiting readers' reactions. Amazingly, we only got a handful of complaints from people who have put the disc in their CD player! This basically meant that consumers overwhelmingly accepted the Ecodisc in the same way as a standard DVD.

After that, other major publishers took the Ecodisc on board, the biggest one being Future Publishing, the UK's largest magazine publisher with computer as well as games titles. They have decided to put all their DVD-5 cover-mounts on Ecodisc. We were very proud about this, because they have now specified the Ecodisc as a desirable format in their tender documents. This means that their partners have to supply their cover-mounts or inserts on our disc, an endorsement that the Ecodisc is positioned next to the CD or DVD, at least for this category of customers.

#### **The thin disc has been around for quite some time, what does differentiate the Ecodisc?**

The Ecodisc is thin, but the engineering approach in developing the Ecodisc has been completely different. The thin discs that came before were just substrates so they were half a DVD and that was it. Our engineers analysed the clamping mechanism of hundreds of DVD players and they developed a disc which avoids the clamping problems usually experienced with a thin disc. When spun at up to 1.600rpm, a thin disc has a tendency to flutter to such an extent that the laser cannot follow the data with 100% accuracy. This has to do with the physical properties of the substrate, at half the thickness of a standard DVD. In our design of the clamping area, the disc is engineered in a way that it remains flat and rigid when it's spinning and thereby the laser does not lose focus. In all our tests we have achieved 100% readability or playability, the same as a standard DVD. This is the major difference with other thin disc candidates, and this is why we have all these patent applications.

#### **How is the company organised?**

Ecodisc Technology AG, a Swiss company, is solely an R&D and licensing company that licences its technology, know-how and trademarks to replicators on a non-exclusive basis. We are spending about \$1 million in marketing activities in the United States and in Europe to drive the content owners to the replicators. We are not involved in replication ourselves and have no intention to be.

## Appendix 1 (con'd)

### What are your arrangements with replicators?

A key feature of the Ecodisc is that it can be manufactured on a CD line and we all know that a large number of CD lines in the market are under-utilised. According to Futuresource there will be over 1,700 CD lines out of service in the next four years and it's obviously very attractive for replicators to put these idle CD lines to another use and make a DVD type disc on it.

Our engineers fit a CD line with an upgrade kit, an Axxicon Ecodisc mould plus other parts, at a total cost in the region of \$80,000. This is not a permanent conversion and the line can be reverted to CD pressing at any time.

As for licensing, it is very simple: a \$0.02 royalty per disc. That is only a fraction of what the replicator is saving in materials, energy and so on.

We have signed up our first major US replicator, who has recently started manufacturing the Ecodisc. The first European replicators have started the manufacture of Ecodisc as well. We have just signed a contract with a major replicator in China.

### What is the problem with using Ecodisc in an Apple Mac?

The short answer is that there is none. Early versions of slot-loading DVD drives built into MacBooks or certain iMacs used to have difficulties ejecting thin discs due to the unique way such drives load the discs. As a matter of fact, Mac users encountered ejection problems of slot-in drives not just with the Ecodisc, but with conventional DVDs or CDs discs as well.

### How does your product fit into the wider optical disc market?

The optical discs market, of which DVD is a subset, is not one single market, but two. One is the Hollywood feature film market and this market needs more and more capacity so it needs DVD-9, it now needs Blu-ray and it may need 100 or 200Gigabytes in a couple of years once

3D movies and 3D games become more popular and require this additional capacity.

The other market is promotional DVDs, educational, children's, publishers' cover-mounts, bundled DVDs of OEM manufacturers and so on. This market does not have a capacity problem; it has a sustainability or environmental problem.

The Ecodisc is well suited for direct mail campaigns because of its lighter weight. The total weight of an envelope including the Ecodisc is below 20g, which is the threshold in Europe.

There are already initiatives in some countries to restrict the use of free DVDs as cover-mounts on newspapers and magazines because DVDs with their toxic bonding are very difficult to recycle. These customers are looking for a more environmentally-friendly product.

The DVD has been on the market for about 15 years and it has never changed. It has never adapted to the change in society, environmental requirements or politics, and I think today's materials and processes enable one to make the DVD more environmentally friendly by using less energy, less polycarbonate and with lower carbon emissions. This is why we invented the Ecodisc. It has the same electrical properties, the same optical properties and the same capacity as the DVD-5. It can be packaged on the same fully automatic packaging system and can be printed on the same printers. It has everything a DVD has, but is environmentally friendly.

As a matter of fact, when we go after potential clients we are not approaching the purchasing departments of large companies, but the corporate social responsibility, the so-called CSR departments. In one of the largest content owners in the world, the appropriate person is called the Vice President of Environmental Initiative. We are targeting these people because it is their mandate to find products that better fit their "green" corporate strategy.

## Appendix 1 (con'd)

### **Eco-friendly is good but is said to cost more. With the economic downturn aren't you entering the market at the wrong time?**

Environmental concerns are not new, they have been around for 10 or 15 years, but environmentally-friendly products in the last 10 years have been generally more expensive, and some looked weird. Things have changed. For me, an eco-friendly product must not cost more, must be fashionable and be available for the consumers. It can only satisfy these three conditions if it employs new technology and this is what we are doing. We are coming into the market at exactly the right time. In a nutshell, we enable the replicator to make this product at a lesser cost while providing additional benefits. Therefore our slogan: "It costs less than a CD, but it has more value than a DVD."

We cannot dictate the price. I can tell you that in some markets customers are prepared to pay more for an Ecodisc than for a standard DVD because of the additional environmental benefit they want to gain. In other markets customers will always want to pay less so the Ecodisc offers the replicators more space to negotiate.

### **What is next for Ecodisc?**

We are expanding the product range with an Ecodisc CD and an Ecodisc DVD-9 equivalent. The CD version is being released by the time this interview is published and we have already received considerable interest from publishers in Europe and the Far-East.

The Ecodisc DVD-9 is undergoing design testing at the moment, we have a proven concept and are now working to fine tune the geometry. We expect this product to enter the market by spring next year. Naturally we are looking into other media that can benefit from the fantastic features of our Ecodisc range and will be looking to develop recordable products very soon.



## Appendix 2

### Independent Audit of CO<sub>2</sub> reduction claims

- In 2009 the United Kingdom Department for the Environment, Food and Rural Affairs (DEFRA) conducted an independent analysis of the CO<sub>2</sub> reduction claims being made by Ecodisc Tech AG
- The study involved DEFRA reviewing the material supplied by Ecodisc Tech AG and also researching their own view of CO<sub>2</sub> production and energy data in the DVD manufacturing industry.

Following the Study DEFRA determined that

**“The Ecodisc data and calculations are robust for the purposes intended”**

The data from the DEFRA study is reproduced in the table below.

Official CO <sub>2</sub> Assessment	Ecodisc Tech AG Data		Carbon Trust & DEFRA Data	
	Standard DVD	Ecodisc	Standard DVD	Ecodisc
Production CO <sub>2</sub> grams per disc	24	10	27	11
Ancillary Production CO <sub>2</sub> grams / disc	14	6	16	7
CO <sub>2</sub> in raw material grams per disc	96	48	117	62
<b>TOTAL CO<sub>2</sub> per disc (grams)</b>	<b>133</b>	<b>64</b>	<b>160</b>	<b>81</b>
% CO <sub>2</sub> saving with Ecodisc	52%	Ecodisc Supplied Data		
	49%	DEFRA / Carbon Trust Data		

Source: DEFRA. UK Department for Environment, Food, and Rural Affairs

## Appendix 3

### The Australian Federal Government E-waste Initiative

The Australian Federal Government through the Department of Environment and MP Peter Garrett is supporting a national E-waste recycling scheme in conjunction for operation in 2010.

Prefacing the announcement two environmental groups, Total Environment Centre and Environment Victoria, say that e-waste will treble over the next decade including items such as televisions and computers and associated peripherals and consumables. There are already over 230 million pieces of e-waste in landfill excluding disposable consumables such as CD's and DVD's.

CD's and DVD's have always been difficult to recycle with toxic bonders, unique layers of material, and metallic contaminants. Now Australia has an alternative to shredding and land filling (and exporting) our CD and DVD waste streams. Ecodisc is 100% recyclable with no toxic bonders and Ecodisc Limited is planning to introduce on-premise and centralised data destruction and recycling operations to fit in with e-waste recycling initiatives.

Further information on this initiative: <http://www.environment.gov.au/minister/garrett/2009/mr20091105a.html>