

ASX / MEDIA RELEASE**7 APRIL 2010****D2 MARKETING LTD****ACN 123 287 025 (d2 or COMPANY)****Takeover Offer by Co-Investor Capital Partners Pty Limited for D2 Marketing Limited at 0.6 cents per share**

The Directors of Co-Investor Capital Partners Pty Limited (**Co-Investor**) and D2 Marketing Limited (**D2 or Company**) are pleased to announce that they have reached agreement on the terms of a takeover offer to be made by Co-Investor or an entity nominated by Co-Investor for all of the shares in D2 (**Offer**) not already held by Co-Investor. Co-Investor and its associates have today converted 5,500,000 convertible notes and accrued interest owing on the convertible notes and currently have a voting interest in 86.89% of D2 shares.

A subcommittee of the D2 Board comprising the Independent Directors, Mr Paul Tobin and Mr Thomas O'Brien, has been established to consider the Offer (**Bid Committee**). Following consideration of the Offer, and subject to receipt of a report of the Independent Expert concluding that the Offer is fair and reasonable, the Bid Committee:

- unanimously support the proposed Offer; and
- will recommend that D2 shareholders accept the Offer,

in the absence of a superior proposal.

The Directors, being all of the Directors of D2 other than Mr Roger Sharp, intend to accept the Offer in relation to D2 shares they or their associates own.

The Offer

Under the Offer, Co-Investor (or an entity nominated by Co-Investor) will offer 0.6 cents for every D2 share. The Offer is subject only to a No Prescribed Occurrences condition the terms of which are set out in Attachment A.

The Bid Committee intend to engage an Independent Expert, PKF, to provide a report to D2 shareholders as to whether the Offer is fair and reasonable.

Recapitalisation Process

The Company had previously announced its intention to raise \$6.25 million through a rights issue, to be underwritten by Co-Investor. Since obtaining shareholder approval for the issue, several factors have delayed the issue and made it impractical to proceed on the terms previously proposed:

- settlement of the dispute with LCW Private Equity Limited (**LCW**), the cash component of which was provided to the Company by Co-Investor through an increase to its short term loan facility;

- the lag in financial performance whereby the benefits of the recent restructuring process have not yet flowed to the profit results, resulting in marginal profitability at the half year, and a significant downgrade in full year earnings guidance;
- a significant increase in the funding required by the Company, as a result of the Company's financial underperformance and LCW settlement; and
- a working capital deficit due to delays in the recapitalisation process.

As a consequence of these factors, were the Company to proceed with its planned rights issue, the size of that issue would need to be materially enlarged. On balance, having considered all of the options available to D2 in the prevailing circumstances and subject to receipt of a report of the Independent Expert concluding that the Offer is fair and reasonable, the Bid Committee believe the current proposal is superior and in shareholders' best interests.

The Executive Chairman of D2, Mr. Roger Sharp, who is also the Managing Director of Co-Investor, will continue to manage D2 during the period of the offer however will absent himself from Board discussions on the Offer.

Commentary

Mr Peter Hynd, Investment Director of Co-Investor, said:

"The Company's restructuring and recapitalisation process has been difficult and protracted, with Co-Investor emerging as the Company's principal equity and debt funder through a combination of senior secured debt and a fully-diluted shareholding of 86.7% upon conversion of its convertible notes.

Whilst good progress has been made over the last nine months, there remains work to be done for the Company to achieve consistent profitability, and it is now clear that the company will need significant additional funding. Our assessment is that the best course of action is for the Company to be delisted with the restructuring and refinancing process to be completed as a private company.

This offer provides existing shareholders with an opportunity to realise value for their holdings."

Paul Tobin, Independent Director of D2, said:

"Over the past 9 months, the Company has worked tirelessly to finalise the second phase of its recapitalisation program to enable its shares to resume trading on ASX. It has recently become clear that the financial turnaround will take longer than initially anticipated and that the Company will require significant further funding.

Given there remains significant uncertainty in relation to the timing and outcomes of the restructure, the Bid Committee believe that the Offer provides the best opportunity for shareholders to realise value for their investment in the Company."

Implementation Agreement

Supporting the agreed nature of the bid, Co-Investor and D2 have entered into an Implementation Agreement to govern their mutual relationship in relation to the bid and the process the parties will follow in implementing the Offer.

A summary of the key terms of the Implementation Agreement are outlined in **attachment B**.

Joint Booklet

D2 shareholders should await receipt of a joint booklet that contains a Bidder's Statement from Co-Investor and the Target's Statement from D2 that is expected to be despatched in the week beginning on 26 April 2010. Co-Investor and D2 will keep D2 shareholders informed of all important developments.

For further information please contact:

At Bidder:

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Investment Director

Co-Investor Capital Partners

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At Target:

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Chief Financial Officer

D2 Marketing Limited

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Attachment A – Condition of the Offer

The takeover offer to be made by Co-Investor or an entity nominated by Co-Investor will be subject to the condition set out in the Bidder's Statement which will be substantially in the form set out below:

No Prescribed Occurrences

Between the Announcement Date and the date 3 business days after the end of the Offer Period (each inclusive), no Prescribed Occurrence (being the occurrences listed in section 652C of the Corporations Act) happens.

Definitions

Announcement Date	7 April 2010, being the date on which the Co-Investor announced details of the Takeover Bid to ASX.
Co-Investor	Co-Investor Capital Partners Pty Limited ACN 110 402 134.
Co-Investor Entity	Co-Investor Capital Partners Pty Limited as trustee for each of Co-Investor No. 1 Fund; Co-Investor No. 2 Fund and Co-Investor No. 3 Pipe Fund.
Convertible Note Deed	the Convertible Note Deed dated 22 September 2009 between D2 and each Co-Investor Entity as amended by the Amending Deed dated 9 February 2010.
Corporations Act	the Corporations Act 2001 (Cth).
D2	D2 Marketing Limited ACN 123 287 025.
D2 Option	means options to subscribe for D2 Shares issued in accordance with the Employee Share Option Plan.
D2 Shareholder	a holder of D2 Shares.
D2 Shares	fully paid ordinary shares in the capital of D2.
Employee Share Option Plan	means D2 Options issued to eligible employees and directors of D2 in accordance with the D2 Employee Share Option Plan.
Offer	the offer for D2 Shares contained in a Bidder's Statement and Offers means the several like offers for D2 Shares sent or to be sent to other D2 Shareholders (or persons entitled to receive such offers under the Takeover Bid).
Offer Period	the period commencing on [**] and (unless the Offer is withdrawn) ending at 5pm (Sydney time) on [**], or such later date to which the Offer has been extended.

Prescribed Occurrence any of the following events:

- (a) D2 converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) D2 or a subsidiary of D2 resolves to reduce its share capital in any way;
- (c) D2 or a subsidiary of D2:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) D2 or a subsidiary of D2 issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option (other than D2 shares issued pursuant to the terms of the Convertible Note Deed);
- (e) D2 or a subsidiary of D2 issues, or agrees to issue, convertible notes;
- (f) D2 or a subsidiary of D2 disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) D2 or a subsidiary of D2 charges or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) D2 or a subsidiary of D2 resolves to be wound up;
- (i) a liquidator or provisional liquidator of D2 or a subsidiary of D2 is appointed;
- (j) a court makes an order for the winding up of D2 or a subsidiary of D2;
- (k) an administrator of D2, or of a subsidiary of D2, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) D2 or a subsidiary of D2 executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of D2 or of a subsidiary of D2.

Related Bodies Corporate

has the meaning given to that term in section 50 of the Corporations Act.

Takeover Bid

the off-market bid in accordance with Part 6.5 of the Corporations Act under which Co-Investor offers to acquire all D2 Shares.

Attachment B – Summary of Implementation Agreement

Under the Implementation Agreement, Co-Investor and D2 have agreed the principles governing their relationship in relation to the bid by Co-Investor or an entity nominated by Co-Investor for all of the shares in D2.

Co-operation

Co-Investor and D2 will co-operate in relation to the preparation of a bidder's statement and target's statement, respectively, with the intention of dispatching those documents together to D2 shareholders on or before 30 April 2010. The target's statement must include:

- a recommendation by the Bid Committee to D2 Shareholders, in the absence of a superior proposal being announced and subject to receipt of an Independent Expert's report concluding that the Offer is fair and reasonable, to accept the Offer in respect of all of their D2 Shares; and
- a statement by each Director (other than Roger Sharp and Christin Burns) that each Director intends to accept (or procure the acceptance of, as the case may be) the Offer in respect of all D2 Shares held by that Director or any associate of that Director, in the absence of a superior proposal being announced.

Conduct of business by D2

D2 has agreed to conduct its business (and the business of its subsidiaries) during the Offer Period in the ordinary course in all material respects, consistent with past practice.

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