

BROAD INVESTMENTS LIMITED

A.B.N. 91 087 813 090

To: Australian Securities Exchange Limited ("ASX")

From: Broad Investments Limited (ASX: BRO)

Date: 20 January, 2012

Subject: Acquisition of New Business

The Board of Broad is very pleased to announce it has made a further acquisition by entering into an agreement today to purchase a substantial stake in a technology business. As stated in recent announcements, the Board has been conducting due diligence and pursuing numerous value-adding transactions, and is pleased to be able to reveal a further transaction which has the potential to significantly increase shareholder value.

The acquired business is involved in health industry technology, although it also has potential applications beyond health services. It is currently developing a unique product for the Australian marketplace which will focus on providing greater efficiencies in patient services, while driving new business and increased income for participating health professionals.

Considerable R&D and progress has been made in moving the business towards a launch date. Similar businesses have been developed in other markets internationally and have generated exceptional returns for shareholders.

According to a recent article in *The Wall Street Journal*, a similar business in the United States utilising the same type of technology and marketing strategies achieved a near US\$1billion market valuation as a privately owned company in just four years.

Although the Australian market is smaller than the United States market, the Board is of the opinion that there is still huge potential to build a highly profitable, low overhead business by adopting a proven business model, albeit slightly adapted to the structural specificities of the domestic Australian market.

The vendors of the business will sell 51% of the business to a fully owned subsidiary of Broad for 74,000,000 Broad shares at an issue price of \$0.003. This means that Broad receives exposure to a business with huge potential to add value for shareholders, while being able to preserve its cash position for business development.

As part of the acquisition consideration, Broad has agreed to provide additional debt funding for the development of the business through to the launch date to a maximum limit of \$500,000. In addition, the vendors grant Broad the right to purchase the remaining 49% of the business for \$1,500,000 payable in cash and / or shares, exercisable within three years from today's date.

The transaction is structured to meet the current acquisition capacity of Broad and to ensure that the vendors and their associates continue to be motivated and engaged in the business, and help drive the business to its maximum potential.

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As part of the agreed consideration the vendors have reduced the initial purchase price and subsequent option payment in return for a royalty stream of between 8% and 15% (subject to performance criteria) of revenue generated by the business after recovery of development costs and repayment of the debt facility to Broad. This provides the vendors with the necessary motivation and incentive to help to develop the product through to launch date and continue to grow the business thereafter. However, should the business meet its projections and achieve its anticipated success, Broad has the option to take 100% control over the operations moving forward.

The Board is of the opinion that this transaction represents outstanding value for existing shareholders. For a small, all-scrip initial purchase price and subsequent investment into the business, the Board believes there is potential to build a highly valuable business for the benefit Broad shareholders.

The issue of 74,000,000 shares will be escrowed for a period of 6 months from the issue date.

The Board is also in advanced stages of negotiations concerning a further significant transaction, which it hopes to be in a position to announce to shareholders in the coming weeks.

By Order of the Board
Broad Investments Limited