

# HWL EBSWORTH

LAWYERS

Our Ref: ALS:576218

4 December 2015

**ASX Company Announcements Officer**

<b>Fax: 1300 135 638</b>
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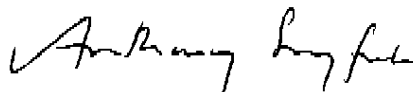
Dear Sir/Madam

**FRE - Supplementary Bidder's Statement**

We act for Dominet Digital Corporation.

Please find enclosed a Supplementary Bidder's Statement for release to the market.

Yours faithfully



**Anthony Seyfort**

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## SUPPLEMENTARY BIDDER'S STATEMENT

### For the on-market offer by Dominet Digital Corporation Pty Ltd for shares in Freshtel Holdings Limited (FRE)

This document is the first supplementary bidder's statement (**Supplementary Bidder's Statement**) to the bidder's statement dated 19 November 2015 (**Bidder's Statement**) issued by Dominet Digital Corporation Pty Ltd. (DDC) in relation to its on-market takeover bid for all the ordinary shares in Freshtel Holdings Limited (FRE). This Supplementary Bidder's Statement is dated 4 December 2015.

This Supplementary Bidder's Statement supplements and should be read together with the Bidder's Statement.

A copy of this Supplementary Bidder's Statement has been lodged with ASIC and the ASX on 4 December 2015. Neither ASIC, the ASX nor any of their officers, take any responsibility for the contents of this Supplementary Bidder's Statement.

Capitalised terms in this Supplementary Bidder's Statement have the same meaning as that in the Bidder's Statement unless the context requires otherwise.

#### Information about DDC

DDC is an investment and consulting company with a focus on digital innovation and investments. Its principal business is to acquire and hold securities in listed companies or companies heading toward securities market listing. It has invested in over 50 technology companies across Australia, the US and Europe. DDC also provides funding, strategic advice and advisory services for ASX listings for technology companies as an Authorised Representative No. 001001043 of Alpha Securities Pty Ltd, AFSL 330757.

Domet's sole director and only major shareholder is Domenic Carosa. He is co-founder & Chairman of Future Capital Development Fund Pty Ltd (a registered Pooled Development Fund). Future Capital has successfully raised in excess of A\$8M in patient equity capital in recent years, invested in 14 early stage investees. Domenic was previously the co-founder and Group CEO of ASX-listed destra Corporation Ltd (ASX: DES), which was the largest independent media and entertainment company in Australia at the time with revenues of over A\$100m.

With over 20 years experience in business and technology, Domenic has built a reputation as a leader in the Internet space by building one of Australia's largest independent digital music websites, MP3.com.au in the late 90's, and building from scratch, Australia's second largest virtual web hosting/domain companies which he sold for A\$25m in 2005-06. Domenic is past Chairman of the Internet Industry Association (IIA) and holds a Masters of Entrepreneurship & Innovation (MEI) from Swinburne University.

Domenic is also a director of listed companies

- Shoply Ltd (ASX: SHP)
- Collaborate Corporation Ltd (ASX: CL8)
- Crowd Mobile Ltd (ASX: CM8)

DDC's chief executive officer is Holger Arians, an executive who worked in corporate development in the German technology and military industry. Together with a team of international experts he raised €295 million for the recapitalisation of one of the world's leading defence companies.

He has experience in entrepreneurship, corporate strategy and management and was involved in several start-ups as an investor and manager. He is also serving as an Honorary Finance Judge at the Cologne Finance Court, Germany.

Holger is an Alumni of Harvard Business School and holds an Executive MBA from ESSEC Business School in France and Mannheim Business School in Germany.

#### **Bidder's intentions**

DDC is concerned by the apparent inability of FRE to secure a suitable new investment, despite reported efforts for a number of years.

If, on an examination of FRE's assets and rights, DDC's nominees on the board of FRE judge that FRE's assets and rights offer material synergies with a further investment in VOIP technology or VOIP business, DDC would seek to identify and negotiate a transaction for FRE involving VOIP that enhances shareholder value. If material synergies cannot be identified, DDC will seek to identify and negotiate a transaction for FRE involving other technologies that enhances shareholder value while maintaining the nature of the business of FRE as a technology business.

To avoid confusion, section 5.5 of the Bidder's Statement should be disregarded.

#### **Compulsory acquisition and buyout rights**

While DDC has stated in section 5.2 of the Bidder's Statement that will not pursue compulsory acquisition, FRE shareholders should be aware that they have rights under Part 6A.1 Division 2 of the Corporations Act. Shareholders should seek their own advice on those rights.

#### **Funding arrangements**

DDC has approximately \$250,000 cash available to it at call, a further \$600,000 in cash available from its major shareholder's cash resources which could be drawn upon within 3 days, and in excess of \$1m in ASX listed securities (held by DDC) that are sufficiently liquid for DDC to be able to fund its commitments within 4 trading days of an apprehended need to do so. The major shareholder has irrevocably undertaken to DDC to lend to DDC, immediately on request, any funds that DDC needs to settle on-market purchases of FRE shares if and to the extent that DDC were to be unable to do so on a T+3 basis from its own resources.